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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE

Assigned for all purposes

Judge Charles Margines

Case No.: 30-2020-01150155-CU-IC-CJC

THE BUNGALOW RESTAURANT,
LLC, a California Limited Liability
Company,

Plaintiff,

vs.

GENERAL CASUALTY COMPANY
OF WISCONSIN, a Wisconsin
corporation; UNITED VALLEY
INSURANCE SERVICES, INC., a
California corporation; and DOES 1
through 50, inclusive,

Defendants.

**COMPLAINT AND DEMAND FOR
JURY TRIAL**

1. BREACH OF THE IMPLIED
COVENANT OF GOOD FAITH AND
FAIR DEALING
2. BREACH OF CONTRACT
3. NEGLIGENCE

**I.
INTRODUCTION**

1. Business Interruption coverage is an optional insurance benefit available to businesses to minimize their risk and sustain them when a suspension of business operations causes a loss of business income. This coverage allows businesses to pay continuing operating expenses, additional expenses incurred because of the suspension, and supplement their lost business income.

2. As California Insurance Commissioner Ricardo Lara stated in a notice on April 14, 2020 to all admitted and non-admitted insurance companies in California, “small and large California businesses purchase Business Interruption insurance to protect against the loss of income and other losses caused by an interruption to the normal operations of the business.” (Exhibit 1).

3. For over twenty years, The Bungalow has been a staple in Corona Del Mar, operating as a high end steak and seafood restaurant, with craft cocktails and an extensive wine list. In addition to its multiple dining rooms, The Bungalow also has a large back patio where private events, such as baby showers, birthday parties, and corporate events, may be held.

4. The Bungalow Restaurant LLC (referred to in this Complaint as “The Bungalow”) purchased, timely paid all premiums and performed all duties required of it to be performed under an “All Risk” commercial property and general liability insurance policy issued by General Casualty Company of Wisconsin (“General Casualty”) Policy No.BBP001019000 (the “Policy”). Under an “All Risk” policy, all risks of physical loss or damage are covered unless specifically and unambiguously excluded. Stated differently, all non-excluded perils are covered. The Policy was procured by United Valley Insurance Services, Inc. (“United Valley Ins. Services”)

5. The Policy included “Business Income” coverage in the event there is a “loss of Business Income ... sustain[ed] due to the necessary suspension of [The

1 Bungalow's] 'operations'...caused by direct physical loss of or damage to property at
2 the described premises...." (Exhibit 2, p. EX02-022).

3 6. The Coronavirus ("COVID-19") originated in China in late 2019, spread to
4 Europe, and eventually came to the United States. Although COVID-19 was present in
5 California by late January 2020, all businesses and restaurants, including The Bungalow,
6 were allowed to remain open throughout February and the first half of March. On
7 January 30, 2020 the World Health Organization (the "W.H.O.") declared a public
8 health emergency of international concern. On March 4, 2020, California Governor
9 Gavin Newsom proclaimed a State of Emergency to exist in California "as a result of the
10 threat of COVID 19" and one week later, on March 11, 2020, the W.H.O. made the
11 assessment that COVID-19 could be characterized as a pandemic.

12 7. Thereafter, on March 17, 2020, the Orange County Health Officer issued
13 an Order of the Local Health Officer prohibiting "[a]ll public and private gatherings of
14 any number of people, including at places of work, occurring outside a single
15 household or living unit are prohibited...This prohibition applies to all professional,
16 social, and community gatherings, regardless of their sponsor, that are not engaged in
17 Essential Activities...." The Order, among other things, prohibited restaurants from
18 serving food on their premises and prohibited gatherings of people. (Exhibit 3).

19 8. This Order effectively closed The Bungalow by excluding all on-premises
20 dining and events, causing a suspension of its operations, which resulted in an
21 immediate loss of business income.

22 9. As a direct result of the Order, The Bungalow promptly submitted a claim
23 for its business income loss to General Casualty.

24 10. Engaging in the business of insurance in California imposes upon insurers
25 the legal obligation to promptly conduct fair, balanced and thorough investigations of
26 all bases of claims for benefits made by their insureds, with a view toward honoring the
27 claims. As part of these obligations, an insurance company is obligated to diligently
28 search for and consider evidence that supports coverage of the claimed loss, and in

1 doing so must give at least as much consideration to the interests of its insured as it
2 gives to its own interests.

3 11. During the COVID-19 Pandemic, Commissioner Lara issued a notice after
4 the California Department of Insurance “ha[d] received numerous complaints from
5 businesses, public officials, and other stakeholders asserting that certain insurers,
6 agents, brokers, and **insurance company representatives** [we]re attempting to dissuade
7 policyholders from filing a notice of claim under its Business Interruption insurance
8 coverage, or **refusing to** open and **investigate these claims** upon receipt of a notice of
9 claim” (Exhibit 1, p. 1, emphasis added).

10 12. The Commissioner’s notice reminded insurers facing these claims of the
11 importance of complying with their obligations, citing the California Fair Claims
12 Settlement Practices Regulations. (Cal. Code Regs., tit. 10, §§ 2695.1 *et seq.* (hereinafter
13 referred to as “Regulations”)). His notice went on to state, “Therefore, Insurance
14 Commissioner Ricardo Lara finds it necessary to issue this Notice to ensure that all
15 agents, brokers, **insurance companies**, and other licensees accept, forward,
16 acknowledge, and **fairly investigate all business interruption insurance claims**
17 submitted by businesses” (Exhibit 1, p. 1-2, emphasis added). The Commissioner stated
18 that “every insurer is required to conduct and diligently pursue a thorough, fair, and
19 objective investigation of the reported claim.” (*Id.* at 2).

20 13. Amongst other information provided to insurers, the Commissioner
21 further reminded them that “[i]f the claim is denied in whole or in part, the insurer is
22 **required to** communicate the denial in writing to the policyholder **listing all the legal**
23 **and factual bases** for such denial. (Regulations, § 2695.7(b)(1)). Where the denial of a
24 first party claim is based on a specific statute, applicable law or policy provision,
25 condition, or exclusion, the written denial must include reference to and provide an
26 explanation of the application of the statute, applicable law, or policy provisions,
27 condition, or exclusion to the claim...Regulations, § 2695.7(b)(1)” (Exhibit 1, p. 3,
28 emphasis added).

12 16. In order to obtain the benefits promised under its Policy and required by
13 California law, The Bungalow was compelled to institute this lawsuit to pursue all
14 available legal and equitable remedies available to it.

II.

PARTIES

18 17. Plaintiff The Bungalow is, and at all relevant times was, a California
19 Limited Liability Company, with its principal place of business in Corona Del Mar,
20 California.

18. Defendant General Casualty is, and at all relevant times was, a Wisconsin corporation with its principal place of business in the State of Wisconsin. At all times relevant to the allegations contained herein, General Casualty was conducting business as an insurer in the State of California, and is a subsidiary of QBE North America.

19. Defendant United Valley Ins. Services, and at all relevant times was, a corporation duly organized and existing under the laws of the State of California and is an insurance agency authorized to transact, and is transacting, the business of insurance in the State of California, with its principal place of business in Fresno, California.

20. The true names or capacities, whether individual, corporate, associate, or otherwise, of defendants Does 1 through 50, inclusive, are unknown to The Bungalow, who therefore sues said defendants by such fictitious names. The Bungalow is informed and believes and based on such information and belief alleges that each of the defendants sued herein as a Doe is legally responsible in some manner for the events and happenings referred to herein, and will ask leave of this Court to amend this complaint to insert their true names and capacities in place and instead of the fictitious names when the same become known to The Bungalow.

21. Plaintiff is informed and believes and based thereon alleges that at all times mentioned herein, each of the defendants was the agent, partner, joint venturer, associate and/or employee of one or more of the other defendants and was acting in the course and scope of such agency, partnership, joint venture, association and/or employment when the acts giving rise to the cause of action occurred.

III. INSURANCE

22. Prior to the Policy's inception, The Bungalow has been working with United Valley Ins. Services to obtain insurance coverage. With United Valley Ins. Services' assistance, The Bungalow obtained the Policy with coverage dates from November 14, 2019 to November 14, 2020.

23. The Bungalow timely paid all premiums that were due under the Policy. The premiums for one year of coverage totaled \$24,988.00.

24. In exchange for payment of the premiums, General Casualty agreed to provide the insurance coverage described in the Policy.

25. The Policy has a provision for "Business Income" coverage under the Businessowners Coverage Form portion of the Policy. (Exhibit 2, p. EX02-022).

26. The Policy provides "All Risk" coverage for Business Income coverage through the following provisions:

1 **“A. Coverage**

2 ...

3 We [General Casualty] will pay for the actual loss of Business Income
4 you sustain due to the necessary suspension of your ‘operations’
5 during the ‘period of restoration’. The suspension must be caused by
6 direct physical loss of or damage to property at the described premises.
7 The loss or damage must be caused by or result from a Covered Cause
8 of Loss.” (*Id.*).

9 27. All terms in the Policy which appear in quotation marks are defined terms
10 in the Policy. Notably, General Casualty chose not to define the term “direct physical
11 loss.”

12 28. “Business Income” is defined in the Policy as follows:

13 “(i) Net Income (Net Profit or Loss before income taxes) that would
14 have been earned or incurred if no physical loss or damage had
15 occurred, but not including any Net Income that would likely
16 have been earned as a result of an increase in the volume of
17 business due to favorable business conditions caused by the
18 impact of the Covered Cause of Loss on customers or on other
19 businesses; and

20 (ii) Continuing normal operating expenses incurred, including
21 payroll.” (*Id.* at EX02-23).

22 29. “Suspension” is defined in the Policy as follows:

23 “a. The partial slowdown or complete cessation of your business
24 activities; or

25 b. That a part or all of the described premises is rendered
26 untenantable, if coverage for Business Income applies.” (*Id.*).

27 30. “Operations” is defined in the Policy as meaning “your business activities
28 occurring at the described premises.” (*Id.* at EX02-49).

1 31. "Period of restoration" is defined in the Policy as the period of time that:

2 "(1) Begins:

3 (a) 72 hours after the time of direct physical loss or damage for
4 Business Income Coverage; or

5 (b) Immediately after the time of direct physical loss or
6 damage for Extra Expense Coverage;

7 caused by or resulting from any Covered Cause of Loss at the described
8 premises; and

9 (2) Ends on the earlier of:

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

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

15 ...

16 The expiration date of this policy will not cut short the 'period of
17 restoration'" (*Id.*).

18 32. The Policy defines "Covered Cause of Loss" as "[d]irect physical loss
19 unless the loss is excluded or limited under Section I-Property. (*Id.* at EX02-018).

20 33. The Policy also provides additional coverage for Civil Authority. This
21 Civil Authority coverage states:

22 **"i. Civil Authority**

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

27 (1) Access to the area immediately surrounding the damaged
28 property is prohibited by civil authority as a result of the damage,

1 and the described premises are within that area but are not more
2 than one mile from the damaged property; and

- 3 (2) The action of civil authority is taken in response to dangerous
4 physical conditions resulting from the damage or continuation of
5 the Covered Cause of Loss that caused the damage, or the action
6 is taken to enable a civil authority to have unimpeded access to
7 the damaged property.

8 Civil Authority Coverage for Business Income will begin 72 hours after
9 the time of the first action of civil authority that prohibits access to the
10 described premises and will apply for a period of up to four
11 consecutive weeks from the date on which such coverage began.
12 Civil Authority Coverage for necessary Extra Expense will begin
13 immediately after the time of the first action of civil authority that
14 prohibits access to the described premises and will end:

- 15 (1) Four consecutive weeks after the date of that action; or
16 (2) When your Civil Authority Coverage for Business Income ends;
17 whichever is later." (*Id.* at EX02-025).

18 34. One of the exclusions in the Policy is for "Governmental Action." But the
19 scope of the "Governmental Action" exclusion is expressly limited to governmental
20 orders regarding the "seizure or destruction of property." (*Id.* at EX02-034). Specifically,
21 the "Governmental Action" exclusion reads as follows:

22 **"c. Governmental Action**

23 Seizure or destruction of property by order of governmental authority.

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

35. The Policy also states an exclusion due to “Virus Or Bacteria.” Specifically, the Policy states that it “will not pay for loss or damage caused directly or indirectly” due to:

"j. Virus or Bacteria

- (1) Any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from 'fungi', wet rot or dry rot. Such loss or damage is addressed in Exclusion i.
- (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to 'pollutants'. (*Id.* at EX02-036).

IV.

FACTUAL BACKGROUND

A. The Bungalow

36. The Bungalow has been operating in Corona Del Mar since 1996, and has become a staple in the beach community. The Bungalow is a trendy, warm, and high-end steak and seafood restaurant that also specializes in cocktails and an impressive wine list.

37. The Bungalow is located at the high-profile intersection of MacArthur Boulevard and Pacific Coast Highway, and has been an incredibly successful restaurant since its opening. It has multiple dining rooms with different ambiances to appeal to its diners, and a large outdoor patio to accommodate private parties such as baby and bridal showers, corporate events, and birthday parties.

38. The Bungalow's operations were brought to a sudden halt by the government-mandated shut down, prompting The Bungalow to make a legitimate claim to its insurance company for the help and protection it had been promised.

1 However, General Casualty summarily rejected the claim without even the slightest of
2 an investigation, violating California insurance law, regulations and standards.

3
4 **B. The COVID-19 Pandemic**

5 39. It has been widely reported that COVID-19 has its origins in Wuhan,
6 China. The first public reports were on December 31, 2019 of an “outbreak of
7 respiratory illness.”

8 40. By January 8, 2020, the United States Centers for Disease Control and
9 Prevention (“CDC”) issued warnings to American travelers going to China for a
10 “pneumonia of unknown etiology” (<https://emergency.cdc.gov/han/han00424.asp>, last
11 accessed April 17, 2020).

12 41. Starting January 17, 2020, the CDC and the United States Department of
13 Homeland Security’s Customs and Border Protection implemented enhanced health
14 screenings for passengers who came from or connected through Wuhan, China
15 (<https://www.cdc.gov/media/releases/2020/p0117-coronavirus-screening.html>, last
16 accessed April 17, 2020).

17 42. On January 20, 2020, the W.H.O. reported the first confirmed cases outside
18 mainland China in Japan, South Korea and Thailand ([https://www.nytimes.com/article/](https://www.nytimes.com/article/coronavirus-timeline.html)
19 [coronavirus-timeline.html](https://www.nytimes.com/article/coronavirus-timeline.html), last accessed April 17, 2020). The following day, on January
20 21, 2020, the first American COVID-19 case was confirmed in the State of Washington
21 (<https://www.cdc.gov/media/releases/2020/p0121-novel-coronavirus-travel-case.html>,
22 last accessed April 17, 2020).

23 43. According to news reports, shortly thereafter, by January 26, 2020, the
24 CDC confirmed the first COVID-19 case in Orange County California
25 ([https://myemail.constantcontact.com/CD-HEALTH-ALERT---First-Case-of-2019-](https://myemail.constantcontact.com/CD-HEALTH-ALERT---First-Case-of-2019-Novel-Coronavirus-in-Orange-County--Update-for-Providers.html?soid=1128423022889&aid=RPQB7yg_ORE)
26 [Novel-Coronavirus-in-Orange-County--Update-for-](https://myemail.constantcontact.com/CD-HEALTH-ALERT---First-Case-of-2019-Novel-Coronavirus-in-Orange-County--Update-for-Providers.html?soid=1128423022889&aid=RPQB7yg_ORE)
27 [Providers.html?soid=1128423022889&aid=RPQB7yg_ORE](https://myemail.constantcontact.com/CD-HEALTH-ALERT---First-Case-of-2019-Novel-Coronavirus-in-Orange-County--Update-for-Providers.html?soid=1128423022889&aid=RPQB7yg_ORE), last accessed June 17, 2020).

1 44. On January 30, 2020, the W.H.O declared a “public health emergency of
2 international concern. The following day, on January 31, 2020, all travel from China to
3 the United States was blocked.

4 45. During February, COVID-19 began spreading rapidly throughout Europe,
5 with Italy initially becoming the most impacted country. That same month, an
6 increasing number of cases were being reported in the United States, with the largest
7 concentration of cases in the Seattle area of Washington State. The first cluster of
8 COVID-19 cases was reported at a nursing home in Kirkland, Washington in late
9 February, where the first COVID-19 death was announced on February 28, 2020.

10 46. COVID-19 also continued to spread throughout California during
11 February 2020. In early February, several COVID-19 cases were announced in Northern
12 California. During February, the number of reported COVID-19 cases in California
13 increased. On February 26, 2020, the CDC announced the first reported California
14 COVID-19 case resulting from community spread ([https://www.cdc.gov/media/
15 releases/2020/s0226-Covid-19-spread.html](https://www.cdc.gov/media/releases/2020/s0226-Covid-19-spread.html), last accessed April 17, 2020).

16 47. On March 4, 2020, the first COVID-19 fatality was reported in California.

17 48. As COVID-19 cases continued to increase in certain areas of the United
18 States, on March 4, 2020 Congress passed emergency funding of \$8.3 billion to aid in the
19 immediate health response to COVID-19.

20 49. Also on March 4, 2020, Governor Newsom proclaimed a State of
21 Emergency to exist in California “as a result of the threat of COVID 19.”

22 50. On March 11, 2020, travel from Europe to the United States was restricted,
23 and the W.H.O. declared COVID-19 a pandemic. The term “pandemic” does not appear
24 anywhere as an excluded peril in this “All Risk” Policy.

25 51. On March 13, 2020, the President of the United States declared a national
26 emergency.

27 52. Yet, throughout this entire period from December 2019 until March 17,
28 2020, The Bungalow had not suffered an interruption of its thriving business.

1 **C. The Orders cause The Bungalow to close its doors, resulting in an interruption**
2 **of business.**

3 53. More than ten weeks after the first reported COVID-19 case, on March 17,
4 2020, the Orange County Health Officer issued an Order of the Local Health Officer
5 prohibiting “[a]ll public and private gatherings of any number of people, including at
6 places of work, occurring outside a single household or living unit are prohibited...This
7 prohibition applies to all professional, social, and community gatherings, regardless of
8 their sponsor, that are not engaged in Essential Activities....” (Exhibit 3).

9 54. Thereafter, on March 18, 2020, the County Health Officer issued an
10 Amended Health Order and Guidance requiring “[a]ll restaurants and other business
11 establishments that serve food shall close all onsite dining. Pickup, delivery and drive
12 thru services may remain open...” (Exhibit 4).

13 55. On March 19, 2020, Governor Newsom acted to preserve public health
14 and safety by issuing Executive Order N-33-20 requiring all residents to immediately
15 stay at their place of residence except as needed to maintain continuity of operations of
16 the federal critical infrastructure sectors.

17 56. The March 17, 2020, Order, among other things, prohibited restaurants
18 from serving food on their premises and prohibited gatherings of people.

19 57. The Bungalow has never prepared or offered food to customers via
20 delivery service, to be picked up for takeout, or for drive-thru. The Bungalow was also
21 forced to cease hosting private events on its premises. Accordingly, the March 17, 2020
22 Order effectively forced The Bungalow to shut its doors, resulting in a loss of functional
23 use of its premises and an interruption of its business. The Order was the predominant
24 cause of the suspension of The Bungalow’s operation.

25 58. As of the date of the March 17, 2020 Order, The Bungalow was not aware
26 of the presence of any COVID-19 virus on its premises, and no employee or customer
27 had reported a COVID-19 infection.
28

1 59. These Orders constitute a continuing predominant cause of The
2 Bungalow's losses.

3 60. The Orders requiring The Bungalow to close its in-room dining and event
4 hosting remained in place until May 29, 2020, when the Bungalow was allowed to re-
5 open its doors on a limited scale. The Bungalow continues to suffer losses as it is not
6 allowed to seat its dining rooms at full capacity due to social distancing restrictions, and
7 it is not yet able to host events.

8
9 **D. General Casualty denies the claim without an investigation.**

10 61. On March 17, 2020, The Bungalow made a claim under the Policy for its
11 business income loss. Also on March 17, 2020, an adjuster on behalf of General Casualty
12 spoke to The Bungalow regarding the facts of a loss. The Bungalow informed General
13 Casualty that the March 17, 2020 Order caused its restaurant to close and, as a result, it
14 was suffering a loss of business income.

15 62. No further investigation was performed by General Casualty. On May 8,
16 2020, General Casualty denied the claim, stating that "the Policy does not provide
17 coverage for this Claim." The denial letter acknowledges that The Bungalow made a
18 claim under the Business Income, Extra Expense, and Civil Authority coverage in the
19 Policy. (Exhibit 5).

20 63. General Casualty denied coverage under the Policy, stating that there was
21 no direct physical loss to the policy to trigger coverage, and that the virus exclusion
22 under the Policy would bar coverage regardless:

23 "The Policy excludes coverage for loss or damage caused by or
24 resulting from any virus that induces or is capable of inducing
25 physical distress, illness or disease (the Virus Exclusion). As noted
26 above, we understand that the losses giving rise to this Claim were
27 the result of governments ordering people to stay at home to stop or
28 slow the spread of COVID-19. Any loss suffered by your business
therefore was directly or indirectly caused by COVID-19, which is

1 documented to induce physical distress, illness, or disease.
2 Accordingly, the Virus Exclusion preclude (sic) coverage for this
3 Claim.” (*Id.* at p.2).

4 64. In the denial letter, General Casualty acknowledges that the only
5 investigation it did into the claim was a conversation on March 17, 2020:

6 “The following provides a summary of the information provided to us
7 to date.

8 In our conversation on March 17, 2020, you advised that your business
9 is a restaurant and that your business closed in response to California
10 mandating the closure of restaurants to dine-in customers due to fears
11 of spreading COVID-19. This has caused a loss of income for your
12 business.” (*Id.* at p.1).

13 65. Pursuant to Section 2695.7(b)(1) of the Regulations, General Casualty was
14 required to state in its May 8, 2020, denial letter all the factual, contractual, and legal
15 grounds for denying the claim, thus forfeiting the right to raise additional grounds to
16 attempt to justify its denial of The Bungalow’s claim.

17 66. As a result of General Casualty’s wrongful denial of the claim, at a time
18 when the government action required The Bungalow to suspend all business
19 operations, The Bungalow has been compelled to retain counsel and pursue this
20 litigation in order to obtain the benefits promised under the Policy.

21 **FIRST CAUSE OF ACTION**

22 PLAINTIFF THE BUNGALOW FOR A FIRST CAUSE OF ACTION AGAINST
23 DEFENDANTS GENERAL CASUALTY AND DOES 1 THROUGH 25, INCLUSIVE,
24 FOR BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR
25 DEALING ALLEGES:

26 67. The Bungalow incorporates by reference all paragraphs above as if set
27 forth in full in this cause of action.
28

- 1 68. General Casualty and Does 1 through 25, inclusive, have breached their
2 duty of good faith and fair dealing owed to The Bungalow in the following respects:
- 3 a. Unreasonably acting or failing to act in a manner that deprives The
4 Bungalow of the benefits of the Policy;
- 5 b. Unreasonably engaging in a pattern and practice of acting or failing to
6 act in a manner that deprives its insureds of the benefits of policies it
7 issues;
- 8 c. Unreasonably failing to conduct a prompt, fair, balanced and thorough
9 investigation of all of the bases of The Bungalow's claim;
- 10 d. Unreasonably engaging in a pattern and practice of failing to conduct a
11 prompt, fair, balanced and thorough investigation of all of the bases of
12 claims made under policies it issues;
- 13 e. Unreasonably failing to diligently search for and consider evidence
14 that supports coverage of The Bungalow's claim;
- 15 f. Unreasonably engaging in a pattern and practice of failing to diligently
16 search for and consider evidence that supports coverage of claims;
- 17 g. Unreasonably failing to conduct an investigation to determine the
18 efficient proximate cause (predominant cause) of The Bungalow's loss;
- 19 h. Unreasonably engaging in a pattern and practice of failing to conduct
20 an investigation to determine the efficient proximate cause
21 (predominant cause) on claims made by insureds;
- 22 i. Unreasonably failing to give at least as much consideration to the
23 interests of The Bungalow as it gives to its own interests;
- 24 j. Unreasonably engaging in a pattern and practice of failing to give at
25 least as much consideration to the interests of its insureds as it gives to
26 its own interests;
- 27 k. Unreasonably placing its own financial interests above the interests of
28 The Bungalow;

- 1 l. Unreasonably engaging in a pattern and practice of placing its own
- 2 financial interests above the interests of its insureds;
- 3 m. Unreasonably failing to comply with the Regulations, including
- 4 Section 2695.7(b)(1);
- 5 n. Unreasonably failing to apply the Policy's definitions and terms to
- 6 determine whether The Bungalow's claim was covered; and
- 7 o. Unreasonably compelling The Bungalow to institute this action to
- 8 obtain benefits due under the Policy.

9 69. The Bungalow is informed and believes, and thereon alleges, that the
10 foregoing unreasonable, malicious, oppressive and/or fraudulent misconduct was not
11 limited to General Casualty and Does 1 through 25, inclusive, evaluation of this
12 particular claim, but represents an ongoing pattern and practice, which they apply to all
13 of their policyholders, that is specifically designed by General Casualty, and Does 1
14 through 25, inclusive, to earn illicit profits at the expense of their policyholders' rights.
15 This ongoing pattern of conduct constitutes institutional bad faith.

16 70. General Casualty and Does 1 through 25, inclusive, institutional bad faith
17 constitutes reprehensible conduct because it is part of a repeated pattern of unfair
18 practices and not an isolated occurrence. The pattern of unfair practices constitutes a
19 conscious course of wrongful conduct that is firmly grounded in General Casualty and
20 Does 1 through 25, inclusive, established company policies and practices. The
21 Bungalow is informed and believes and thereon alleges that General Casualty and Does
22 1 through 25, inclusive, have engaged in similar wrongful conduct as to other insureds
23 and that they have substantially increased its profits as a result of causing similar harm
24 to others.

25 71. As a proximate result of the aforementioned conduct of General Casualty
26 and Does 1 through 25, inclusive, The Bungalow has suffered, and will continue to
27 suffer in the future, damages under the Policy, plus interest and other economic and
28 consequential damages, for a total amount to be shown at the time of trial.

1 72. As a further proximate result of the aforementioned unreasonable conduct
2 of General Casualty and Does 1 through 25, inclusive, The Bungalow was compelled to
3 retain legal counsel to obtain the benefits due under the Policy. Therefore, General
4 Casualty and Does 1 through 25, inclusive, are liable to The Bungalow for the attorneys'
5 fees reasonably necessary and incurred by The Bungalow in order to obtain the Policy
6 benefits.

7 73. The conduct of General Casualty and Does 1 through 25, inclusive, was
8 intended by them to cause injury to The Bungalow, and/or was despicable conduct
9 carried on by them with a willful and conscious disregard of The Bungalow's rights,
10 subjected The Bungalow to cruel and unjust hardship in conscious disregard of its
11 rights; and/or constituted an intentional misrepresentation or concealment of a material
12 fact known to General Casualty and Does 1 through 25, inclusive, with the intention to
13 deprive The Bungalow of property or legal rights or to otherwise cause injury, such as
14 to constitute malice, oppression or fraud under California Civil Code section 3294. The
15 Bungalow is therefore entitled to an award of punitive damages in an amount
16 appropriate to punish and set an example for other similarly situated insurers.

17 74. General Casualty and Does 1 through 25, inclusive, conduct was
18 undertaken by its corporate officers, directors or managing agents, identified herein as
19 Does 15 through 25, who were responsible for claims supervision and operations,
20 underwriting, communications, and/or decisions; and/or this conduct was authorized
21 by one or more of General Casualty's officers, directors or managing agents, and/or one
22 or more of General Casualty's officers, directors or managing agents knew of the actions
23 and adopted or approved that conduct after it occurred. This conduct was, therefore,
24 undertaken on behalf of General Casualty and Does 15 through 25, inclusive.

SECOND CAUSE OF ACTION

PLAINTIFF THE BUNGALOW FOR A SECOND CAUSE OF ACTION
AGAINST DEFENDANTS GENERAL CASUALTY AND DOES 1 THROUGH 25,
INCLUSIVE, FOR BREACH OF CONTRACT ALLEGES:

75. The Bungalow incorporates by reference all paragraphs above as if set forth in full in this cause of action.

76. The Bungalow entered into a contract, the Policy, with General Casualty and Does 1 through 25, inclusive. General Casualty and Does 1 through 25, inclusive, owed duties and obligations to The Bungalow under the Policy.

77. The Bungalow did all, or substantially all, of the significant things that the Policy required it to do.

78. General Casualty and Does 1 through 25, inclusive, denial of The Bungalow's claim is not in accordance with the terms of the Policy and California law.

79. As a direct and proximate result of General Casualty and Does 1 through 25, inclusive, conduct and breach of their contractual obligations, The Bungalow has suffered damages under the Policy in an amount to be determined according to proof at the time of trial, plus pre-judgment interest pursuant to California Civil Code section 3289(b), and other foreseeable and consequential damages according to proof and in amounts to be determined at the time of trial.

THIRD CAUSE OF ACTION

PLAINTIFF THE BUNGALOW FOR A THIRD CAUSE OF ACTION AGAINST
DEFENDANTS UNITED VALLEY INS. SERVICES, AND DOES 26 THROUGH 50,
INCLUSIVE, FOR NEGLIGENCE ALLEGES:

80. The Bungalow incorporates by reference all paragraphs above as if set forth in full in this cause of action.

81. The Bungalow brings this third cause of action in the alternative to its first and second causes of action.

1 82. As set forth in The Bungalow's first and second causes of action and the
2 factual allegations of this Complaint, it asserts that there is full coverage under the
3 Policy for its loss. However, to the extent that there is a finding that the Policy does not
4 provide coverage, then The Bungalow alleges in the alternative that United Valley Ins.
5 Services and Does 26 through 50, inclusive, were negligent in the procurement of the
6 Policy.

7 83. At all relevant times, United Valley Ins. Services and Does 26 through 50,
8 inclusive, by and through its authorized employees, represented to be registered,
9 licensed and authorized insurance brokers, who undertook the obligations to place
10 insurance coverage for The Bungalow and to assist it with any questions or concerns it
11 had about the Policy.

12 84. In that process, United Valley Ins. Services and Does 26 through 50,
13 inclusive, had a duty to use reasonable care, diligence and judgment in procuring the
14 insurance that The Bungalow requested.

15 85. United Valley Ins. Services and Does 26 through 50, inclusive, sold the
16 Policy to The Bungalow. In the process, they held themselves out to be experts in the
17 field of insurance, and in particular, experts in the field of insurance for restaurants.

18 86. During the procurement process of the Policy, United Valley Ins. Services
19 and Does 26 through 50, inclusive, assumed additional duties by express agreement
20 and/or holding itself out as an expert in procuring business interruption coverage for
21 restaurants.

22 87. United Valley Ins. Services and Does 26 through 50, inclusive, undertook
23 the obligation and assumed a duty to place business interruption insurance coverage
24 for The Bungalow. Accordingly, they owed The Bungalow a duty of due care to see that
25 its interests were fully protected by the coverage that was requested by The Bungalow
26 and promised by United Valley Ins. Services and Does 26 through 50, inclusive.
27 However, if General Casualty's interpretation is upheld, United Valley Ins. Services and
28

1 Does 26 through 50, inclusive, misrepresented the nature, extent or scope of the
2 coverage being offered and then ultimately provided under the Policy.

3 88. United Valley Ins. Services and Does 26 through 50, inclusive, knew that
4 The Bungalow would rely, and it did justifiably rely, upon the experience, skill, and
5 expertise of United Valley Ins. Services and Does 26 through 50, inclusive, to obtain and
6 place sufficient coverage for the restaurant, even in the event of a virus.

7 89. United Valley Ins. Services and Does 26 through 50, inclusive, represented
8 that they were ready and willing to perform the professional service of procuring
9 insurance coverage for The Bungalow, which desired to obtain business interruption
10 coverage that would protect it against losses, including viruses. Viruses are one of the
11 common business interruption risks that restaurants face. For example, asymptomatic
12 employees or employees who fail to use proper sanitary practices may cause food
13 poisoning or transmission of a virus to the restaurant's patrons, such as if the
14 employee has hepatitis. Hence, any business interruption policy with an exclusion for
15 virus-related losses is of suspect value to a restaurant. A restaurant buying coverage
16 would reasonably expect that if the policy being offered included such an exclusion, the
17 broker would bring it to its attention.

18 90. To the extent the coverage procured by United Valley Ins. Services and
19 Does 26 through 50, inclusive, for The Bungalow does not provide coverage for the
20 damages suffered as alleged in this Complaint, United Valley Ins. Services and Does 26
21 through 50, inclusive, were negligent in their procurement and placement of the
22 insurance.

23 91. As a proximate result of the aforementioned negligent conduct of United
24 Valley Ins. Services and Does 26 through 50, inclusive, The Bungalow has suffered
25 damages, including economic losses, for a total amount to be shown at the time of trial.

26
27
28

PRAYER FOR RELIEF

WHEREFORE, The Bungalow prays for judgment against Defendants as follows:

AS TO THE FIRST CAUSE OF ACTION AGAINST DEFENDANTS

**GENERAL CASUALTY AND DOES 1 THROUGH 25, INCLUSIVE, FOR BREACH
OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING:**

1. For damages for failure to pay benefits owed under the Policy, plus interest, in a sum to be determined at trial;
2. For prejudgment interest on all damages awarded to The Bungalow in accordance with California Civil Code section 3287;
3. For attorneys' fees, witness fees, and costs of litigation incurred by The Bungalow to obtain the Policy benefits in an amount to be determined at trial;
4. For economic and consequential damages arising out of General Casualty and Does 1 through 25's, inclusive, unreasonable failure to pay benefits owed under the Policy;
5. For punitive and exemplary damages in an amount appropriate to punish or set an example of General Casualty and Does 1 through 25, inclusive;
6. For costs of suit herein; and
7. For such other relief as the Court deems just and proper.

AS TO THE SECOND CAUSE OF ACTION AGAINST DEFENDANTS

**GENERAL CASUALTY AND DOES 1 THROUGH 25, INCLUSIVE, FOR BREACH
OF CONTRACT:**

1. For economic and consequential damages, in an amount to be determined according to proof at trial;
2. For prejudgment interest on all damages awarded to The Bungalow in accordance with California Civil Code section 3289(b);
3. For costs of suit incurred herein; and
4. For such other and further relief as the Court deems just and proper.

1. For damages, including economic losses, in an amount to be determined according to proof at trial;

Dated: July 2, 2020

SHERNOFF BIDART ECHEVERRIA LLP

By: Michael J. Bident

MICHAEL J. BIDART
RICARDO ECHEVERRIA
Attorneys for Plaintiff

JURY DEMAND

Plaintiff hereby demands a jury trial.

Dated: July 2, 2020

SHERNOFF BIDART ECHEVERRIA LLP

By: Michael J. Bident

MICHAEL J. BIDART
RICARDO ECHEVERRIA
Attorneys for Plaintiff

EXHIBIT 1



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

NOTICE

TO: All Admitted and Non-Admitted Insurance Companies, All Licensed Insurance Adjusters and Producers, and Other Licensees and Interested Parties

FROM: Insurance Commissioner Ricardo Lara

DATE: April 14, 2020

RE: Requirement to Accept, Forward, Acknowledge, and Fairly Investigate All Business Interruption Insurance Claims Caused by the COVID-19 Pandemic

To help combat the spread of the COVID-19 virus, various federal, state, and local government officials have issued emergency public health orders and “shelter-in-place” directives. The COVID-19 pandemic has severely curtailed activities of policyholders in both personal and commercial lines, causing significant and widespread economic loss in California.

Business Interruption insurance is an optional coverage that may be purchased as part of a comprehensive multi-peril commercial policy, business owners’ policy, or on a stand-alone basis. Many small and large California businesses purchase Business Interruption insurance to protect against the loss of income and other losses caused by an interruption to the normal operations of the business.

The California Department of Insurance (Department) continues to encourage businesses to review their policies, including policy exclusions, coverage limits, and applicable deductibles, and contact their insurance companies to determine what their policies cover as each insurance policy is different and the coverage varies. However, despite the Department’s on-going guidance to businesses statewide during the COVID-19 pandemic, it has received numerous complaints from businesses, public officials, and other stakeholders asserting that certain insurers, agents, brokers, and insurance company representatives are attempting to dissuade policyholders from filing a notice of claim under its Business Interruption insurance coverage, or refusing to open and investigate these claims upon receipt of a notice of claim.

Therefore, Insurance Commissioner Ricardo Lara finds it necessary to issue this Notice to ensure that all agents, brokers, insurance companies, and other licensees accept,

forward, acknowledge, and fairly investigate all business interruption insurance claims submitted by businesses.

Commissioner Lara hereby notifies all agents, brokers, insurance companies, and other Department licensees that they are required to comply with their contractual, statutory, regulatory, and other legal obligations, including but not limited to, the obligations set forth in the California Fair Claims Settlement Practices Regulations (Cal. Code Regs. tit. 10; sections 2695.1 et seq.) (the "Regulations") in connection with all California insurance claims including, but not limited to, Business Interruption insurance claims, event cancellation claims, and other related claims filed by California businesses.

The Regulations require, among other things, that all insurers, insurance agents, brokers, insurance company representatives, and other Department licensees accept any communication from the policyholder or its representative indicating that the policyholder desires to make a claim against a policy that reasonably suggests that a response is expected as a notice of claim. (Regulations, section 2695.5(b).) Upon receipt of a notice of claim, every Department licensee is required to transmit such notice of claim to the insurer immediately. (Regulations, section 2695.5(d).)

Upon receipt of a notice of claim, subject to certain exceptions, every insurer is required to acknowledge the notice of claim immediately, but in no event more than 15 calendar days after receipt of the notice of claim. (Regulations, section 2695.5(e).) If the acknowledgment of a claim is not in writing, a written acknowledgment of the receipt and date of the notice of claim must be made in the claim file of the insurer. (Regulations, section 2695.5(e)(1).) Failure of an insurance agent or claims agent to transmit a notice of claim to the insurer promptly will be imputed to the insurer, except where the subject policy was issued pursuant to the California Automobile Assigned Risk Program. (Regulations, section 2695.5(e)(1).)

Upon receipt of a notice of claim, the insurer is required to provide the policyholder with the necessary forms, instructions, and reasonable assistance, including but not limited to, specifying the information the policyholder must provide in connection with the proof of claim and begin any necessary investigation of the claim. (Regulations, section 2695.5(e)(2).) Thereafter, every insurer is required to conduct and diligently pursue a thorough, fair, and objective investigation of the reported claim, and is prohibited from seeking information not reasonably required for or material to the resolution of a claim dispute before determining whether the claim will be accepted or denied, in whole or in part. (Regulations, section 2695.7(d).)

After conducting a thorough, fair, and objective investigation of the claim, the insurer must accept or deny the claim, in whole or in part, immediately, but in no event more than 40 days after receipt of the proof of claim. The amount of the claim accepted or denied by the insurer must be clearly documented in the claim file unless the claim has been denied in its entirety. (Regulations, section 2695.7(b).)

If the claim is denied in whole or in part, the insurer is required to communicate the denial in writing to the policyholder listing all the legal and factual bases for such denial. (Regulations, section 2695.7(b)(1).) Where the denial of a first party claim is based on a specific statute, applicable law or policy provision, condition, or exclusion, the written denial must include reference to and provide an explanation of the application of the statute, applicable law, or policy provision, condition, or exclusion to the claim. Lastly, every insurer that denies or rejects a third party claim, in whole or in part, or disputes liability or damages must do so in writing. (Regulations, section 2695.7(b)(1).)

Based on the foregoing, every insurer, insurance agent, broker, insurance company representative, and other Department licensees is required to comply with their contractual, statutory, regulatory, and other legal obligations in connection with all California insurance claims, including but not limited to, Business Interruption insurance claims, event cancellation claims, and other related claims filed by California businesses. Additionally, no insurer, insurance agent, broker, insurance company representative, or other Department licensee shall dissuade policyholders from filing a notice of claim under its Business Interruption insurance coverage, or refuse to open and investigate such claims upon receipt of a notice of claim.

EXHIBIT 2

General Casualty Company of Wisconsin
A Stock Company



Commercial Insurance Policy

Home Office:

One QBE Way
Sun Prairie, WI 53596
1-877-772-6771

For questions or service, please contact your producer at:

United Valley Insurance Services, Inc.
3245 W. Figarden Drive
Fresno, CA 93711
(559)256-2500

Program administered by:

ARROWHEAD GENERAL
INSURANCE AGENCY, INC.
701 B STREET, SUITE 2100
SAN DIEGO, CA 92101

Commercial Insurance Policy Quick Reference

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

Policy Period	This policy period begins at 12:01 a.m. standard time at the named insured's mailing address on the date shown in the Declarations.
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This Commercial Insurance Policy consists of one or more Coverage Part(s). Each Coverage Part consists of several items as described below:

Declaration Pages	The Declarations list the named insured, policy period, the coverages provided and the limits of insurance. They also show the forms and endorsements that apply to this policy.
Coverage Parts	Each Coverage Part is made up of a Coverage Form and Declaration(s), and is subject to the Common Policy Conditions. The Coverage Form describes the nature and extent of coverage provided. It also includes any conditions that apply specifically to that Coverage Part.
Additional Provisions or Exclusions	This policy may be modified by additional provisions or exclusions. When this happens, the forms which contain those provisions or exclusions will be found after the Coverage Forms. The form numbers will also appear on the Declarations.
Common Policy Conditions and Conditions specific to Individual Coverage Parts	This policy contains a Common Policy Conditions Form which lists those conditions which apply to all Coverage Parts written in the policy. Forms listing conditions which apply to individual coverage parts also appear on the Declarations.

This quick reference is not part of the Commercial Insurance Policy and does not provide coverage. Please read the Commercial Insurance Policy itself for actual contractual provisions.

In witness whereof, the Company designated on the Declaration page has caused this policy to be signed by its president and secretary, but this policy shall not be valid unless completed by the attachment hereto of a Declaration page and countersigned on the aforesaid Declaration page by a duly authorized representative of the company.

Russell Johnston
President



Jose Ramon Gonzalez, Jr
Secretary



BUSINESSOWNERS POLICY DECLARATIONS

POLICY NUMBER: BBP0010190-00

RENEWAL OF: CFB1356818

Company Name: General Casualty Company of Wisconsin One QBE Way Sun Prairie, WI 53596
Producer Name: United Valley Insurance Services, Inc. 3245 W. Figarden Drive Fresno, CA 93711 On behalf of Arrowhead General Insurance Agency, Inc.
Named Insured: The Bungalow Restaurant LLC
Mailing Address: 2441 E Coast Hwy Corona del Mar, CA 92625
Policy Period
From: 11/14/2019 To: 11/14/2020 At 12:01 AM* Standard Time at your mailing address shown above
*Exceptions: 12:00 PM in Michigan and North Carolina

Premises Information		
Premises Number	Building Number	Premises Address: 2441 E Coast Hwy Corona del Mar, CA 92625
1	1	
Premises Number	Building Number	Mortgageholder Name: Farmers & Merchants Bank
1	1	Mortgageholder Address: PO Box 21337 Long Beach, CA 90801

Description Of Business
Form Of Business: <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Joint Venture <input type="checkbox"/> Limited Liability Company <input checked="" type="checkbox"/> Organization, Including A Corporation (but not including a partnership, joint venture or limited liability company) <input type="checkbox"/> Trust <input type="checkbox"/> Other
Business Description: Restaurants

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

Issued: 09/27/2019

POLICY NUMBER: BBP0010190-00

SECTION I - PROPERTY

Blanket Insurance	
Indicate the type of property to be blanketed and the blanket limit of insurance.	
Type Of Property	Limit Of Insurance

Additional Coverages - Optional Higher Limits/Extended Number Of Days (Per Policy)	
Coverage	Limit Of Insurance/Extended Number Of Days
Forgery Or Alteration	
Business Income - Extended Number Of Days For Ordinary Payroll Expenses	Days
Extended Business Income - Extended Number Of Days	Days
Electronic Data - Increased Limit (Section I - Property)	
Interruption Of Computer Operations - Increased Limit	

Additional Coverage - Business Income - Ordinary Payroll Additional Exemptions		
Coverage	Exempt Job Classifications	Exempt Employees
Business Income		

Theft Limitations - Optional Higher Limits (Per Policy)	
Description of Property	Limit Of Insurance

POLICY NUMBER: BBP0010190-00

Premises Number: 1 Building Number: 1 Class Code: 09441

Property Coverage Limits Of Insurance				
Type Of Property (Building Or Business Personal Property)	Actual Cash Value Of Building Option (Yes Or No)	Automatic Increase Building Limit (%)**	Business Personal Property - Seasonal Increase (%)	Limit Of Insurance*
Building Personal Property	No	2%	25%	\$2,743,800 \$525,300

*Includes Automatic Increase Building Limit Percentage

**This percentage can only vary by premises, not by building.

Additional Coverages/Coverage Extensions Optional Higher Limits	
Coverage	Limit Of Insurance
Fire Department Service Charge	
Business Income From Dependent Properties Secondary Dependent Property <input type="checkbox"/> Yes <input type="checkbox"/> No	
Accounts Receivable	
Valuable Papers and Records	
Outdoor Property	
Business Personal Property Temporarily In Portable Storage Units	

Optional Coverages (Applicable only if an "X" is shown in the boxes below)	
Coverage	Limit Of Insurance
1. <input type="checkbox"/> Outdoor Signs	Per Occurrence Inside The Premises Outside The Premises Per Occurrence
2. <input type="checkbox"/> Money And Securities	
3. <input type="checkbox"/> Employee Dishonesty	
4. <input checked="" type="checkbox"/> Equipment Breakdown Protection Coverage	Inside The Premises Outside The Premises
5. <input type="checkbox"/> Burglary And Robbery (Named Peril Endorsement only) Money And Securities (Amount included when Burglary And Robbery option is selected)	
6. <input type="checkbox"/> Other:	
	Specify:

Deductibles (Apply Per Location, Per Occurrence)			
Property Deductible	Optional Coverage (Other Than Equipment Breakdown Protection Coverage) Deductible	Windstorm Or Hail Percentage Deductible	Earthquake/Volcanic Action Percentage Deductible
\$1,000	\$500	N/A	
Optional Coverage - Equipment Breakdown Protection Coverage Deductibles			
Optional Deductible:		Optional Time Deductible:	

Issued: 09/27/2019

POLICY NUMBER: BBP0010190-00

SECTION II - LIABILITY AND MEDICAL EXPENSES

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to **Section II - Liability** in the Businessowners Coverage Form and any attached endorsements.

Coverage	Limit Of Insurance
Liability And Medical Expenses	\$1,000,000 Per Occurrence
Other Than Products/Completed Operations Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$2,000,000

Deductible
Optional Property Damage Liability Deductible: N/A
<input type="checkbox"/> Per Claim (Refer To BP 07 03); Or <input type="checkbox"/> Per Occurrence (Refer To BP 07 04)

Premises Number: 1	Building Number: 1	Class Code: 09441
Coverage	Limit Of Insurance	
Medical Expenses	\$10,000 Per Person	
Damage To Premises Rented To You	Any One Premises	
Optional Coverages (Applicable only if an "X" is shown in the box below)		
<input checked="" type="checkbox"/> Broadened Coverage For Damage To Premises Rented To You (Refer To BP 04 55)	\$500,000 Per Occurrence	
<input type="checkbox"/> Self-storage Facilities - Customers' Goods Legal Liability (Optional Increased Limits)	Per Occurrence	
<input type="checkbox"/> Motels - Liability For Guests' Property (Optional Limits)	Per Occurrence Per Guest	
<input type="checkbox"/> Motels - Liability For Guests' Property In Safe Deposit Boxes	Per Occurrence	

Issued: 09/27/2019

POLICY NUMBER: BBP0010190-00

Endorsements Applicable Per Policy	
Endorsement Number	Endorsement Title
See Schedule Of Forms And Endorsements	

Premium:	
TOTAL POLICY PREMIUM	\$24,988.00
Policies Subject To Premium Audit:	
Audit Period: <input type="checkbox"/> Annually <input type="checkbox"/> Semi-annually <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	

Countersignature Of Authorized Representative
Name:
Title:
Signature:
Date:

SECTION I – PROPERTY

Optional Coverages (Applicable only if an "X" is shown in the boxes below)		
Coverage	Limit Of Insurance	
<input checked="" type="checkbox"/> Businessowners Plus Endorsement	\$	250,000
<input type="checkbox"/> IWA Fabricare Advantage Extension Endorsement	\$	Blanket Limit
<input type="checkbox"/> IWA Fabricare Advantage Bailees' Customers Coverage - Standard	\$	Per Any One Article Blanket Limit
	\$	Deductible
<input type="checkbox"/> IWA Fabricare Advantage Bailees' Customers Coverage - Elite	\$	Per Article Limit
		Limit of Insurance
	\$	Deductible
Coverage for Restoration Orders	\$	Per Article Limit
Full Replacement Cost		Aggregate Limit
		See Coverage Form
<input type="checkbox"/> Fairs or Exhibitions	\$	Per Occurrence
<input type="checkbox"/> Musical Instruments Floater	\$	
<input type="checkbox"/> Photographers Equipment Floater	\$	
<input type="checkbox"/> Physicians and Dentists Equipment Floater	\$	
<input type="checkbox"/> Product Recall Expense Coverage		
<input type="checkbox"/> Wholesale - Food	\$	Per Occurrence
	\$	Aggregate
<input type="checkbox"/> Wholesale - Consumer Goods	\$	Per Occurrence
	\$	Aggregate
<input type="checkbox"/> Wholesale - All Other	\$	Per Occurrence
	\$	Aggregate

SECTION II – LIABILITY AND MEDICAL EXPENSES

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II – Liability in the Businessowners Coverage Form and any attached endorsements.

Optional Coverages (Applicable only if an "X" is shown in the boxes below)		
<input type="checkbox"/> Cemetery Professional Liability Coverage	\$	Per Occurrence
	\$	Aggregate
<input type="checkbox"/> Dental Laboratory Professional Liability Coverage	\$	Per Occurrence
	\$	Aggregate
<input type="checkbox"/> Florists Coverage Endorsement	\$	Per Occurrence
	\$	Aggregate
<input type="checkbox"/> Barber Shops and Hair Salons Professional Liability	\$	Per Occurrence
	\$	Aggregate
<input type="checkbox"/> Funeral Directors Professional Liability	\$	Per Occurrence
	\$	Aggregate
<input checked="" type="checkbox"/> Liquor Liability Coverage	\$ 1,000,000	Per Occurrence
	\$ 2,000,000	Aggregate
<input type="checkbox"/> Printers Errors and Omissions Liability	\$	Per Occurrence
	\$	Aggregate
<input type="checkbox"/> Optical and Hearing Aid Establishments	\$	Per Occurrence
	\$	Aggregate
<input type="checkbox"/> Board of Governors Liability Coverage	\$	Per Claim
	\$	Aggregate
Includes Attendant Supervised Parking		Coinsurance Participation
	\$	Retention
<input type="checkbox"/> Supplemental Property Damage Coverage	\$	Per Occurrence
	\$	Aggregate

RESTAURANTS SUPPLEMENTAL SCHEDULE

Policy Number: BBP0010190-00	Company: General Casualty Company of Wisconsin
Named Insured: The Bungalow Restaurant LLC	

This Schedule may be used in conjunction with the Businessowners Policy Declarations when it is used to insure Restaurants and modified by the Restaurants Endorsement.

Restaurants Endorsement BP 07 78: Applicable only to premises for which entries are shown below:

Premises Information			
Prem. No.	Bldg. No.	Premises Address	Premium
1	1	2441 E Coast Hwy Corona del Mar, CA 92625	\$124.00

Fine Arts Coverage Endorsement BP 07 77: Applicable only to premises for which entries are shown below:

Premises Number	Premium

Changes In Limits: Applicable only to each coverage for which an "X" is shown in a box below:

Premises: 1 1			
		Limit Of Insurance	Premium
1. <input checked="" type="checkbox"/> Food Contamination	1.	\$25,000 per occurrence	\$33.00
2. <input type="checkbox"/> Additional Advertising Expenses	2.	per occurrence	
3. <input checked="" type="checkbox"/> Spoilage	3.	\$25,000 per occurrence	\$157.00

Premises:			
		Limit Of Insurance	Premium
1. <input type="checkbox"/> Food Contamination	1.	per occurrence	
2. <input type="checkbox"/> Additional Advertising Expenses	2.	per occurrence	
3. <input type="checkbox"/> Spoilage	3.	per occurrence	

Premises:			
		Limit Of Insurance	Premium
1. <input type="checkbox"/> Food Contamination	1.	per occurrence	
2. <input type="checkbox"/> Additional Advertising Expenses	2.	per occurrence	
3. <input type="checkbox"/> Spoilage	3.	per occurrence	

Premises:			
		Limit Of Insurance	Premium
1. <input type="checkbox"/> Food Contamination	1.	per occurrence	
2. <input type="checkbox"/> Additional Advertising Expenses	2.	per occurrence	
3. <input type="checkbox"/> Spoilage	3.	per occurrence	

Restaurants – Loss Or Damage To Customers' Autos (Legal Liability Coverage) Endorsement BP 07 79:
Applicable only to premises for which entries are shown below:

Prem. No.	Limit Of Liability (Per Event)	Deductible Other Than Collision		Collision Deductible
		For Each Customer's Auto	Maximum Deductible In Any One Event	
Premium for all premises:				

Forms Applicable To Specific Premises/Coverages:

Prem. No.	Bldg. No.	Coverage	Form Number
1	1	Restaurants	BP 07 78

SCHEDULE OF FORMS AND ENDORSEMENTS

POLICY NUMBER: BBP0010190-00	EFFECTIVE DATE: 11/14/2019
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<u>NUMBER</u>	<u>TITLE</u>
AH CI 8520 (12-18)	Commercial Insurance Policy Jacket
BP DS 01 (07-13)	Businessowners Policy Declarations
BP DS 01-S (07-13)	Supplemental Declarations Page
BP DS 03 (04-07)	Restaurants Supplemental Schedule
BP 00 03 (07-13)	Businessowners Coverage Form
BP IN 01 (07-13)	Businessowners Coverage Form Index
AH IL 8525 (09-17)	Fees And Surcharge Schedule
AH BP 80 01 (09-17)	Employment Practices Liability Insurance Coverage Endorsement
AH BP 80 04 (09-17)	Lead Liability Exclusion
AH BP 80 13 (09-17)	Businessowners Plus Endorsement
AH BP 80 54 (09-17)	Notice Of Terrorism Insurance Coverage
AH BP 80 57 (09-17)	Exclusion - Sunlamps And Tanning Beds
AH BP 80 58 (09-17)	Pollutants Definition Amendment
AH BP 80 73 (09-17)	Businessowners Enhancement Form
AH BP 80 84 (10-17)	Blanket Additional Insured - When Required By Written Agreement
AH BP 81 86 (09-17)	Asbestos Exclusion
AH BP 81 83 (09-17)	Nuclear, Biological, Chemical and Radiological Hazards Exclusion
AH BP 82 10 (09-17)	Equipment Breakdown Coverage
AH BP 83 56 (09-17)	Commercial Employment Practices Liability Insurance Coverage Supplemental Declarations
AH BP 83 63 (09-17)	California Changes
BP 01 55 (05-17)	California Changes
BP 04 19 (07-13)	Amendment - Liquor Liability Exclusion - Exception For Scheduled Premises Or Activities
BP 04 39 (07-02)	Abuse or Molestation Exclusion
BP 04 41 (07-13)	Business Income Changes - Time Period
BP 04 53 (07-13)	Water Back-Up And Sump Overflow
BP 04 55 (01-06)	Broadened Coverage For Damage To Premises Rented To You
BP 04 89 (01-10)	Liquor Liability Coverage
BP 05 01 (07-02)	Calculation Of Premium
BP 05 15 (01-15)	Disclosure Pursuant To Terrorism Risk Insurance Act
BP 05 17 (01-06)	Exclusion - Silica Or Silica-Related Dust
BP 05 23 (01-15)	Cap On Losses From Certified Acts Of Terrorism
BP 05 38 (01-15)	Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism
BP 05 42 (01-15)	Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism
BP 05 77 (01-06)	Fungi Or Bacteria Exclusion (Liability)
BP 07 78 (07-13)	Restaurants
BP 12 03 (01-10)	Loss Payable Clauses

SCHEDULE OF FORMS AND ENDORSEMENTS

POLICY NUMBER: BBP0010190-00	EFFECTIVE DATE: 11/14/2019
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<u>NUMBER</u>	<u>TITLE</u>
BP 15 04 (05-14)	Exclusion - Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability - With Limited Bodily Injury Exception
BP 15 11 (12-16)	Exclusion - Unmanned Aircraft
BP P 018 (12-16)	Businessowners Unmanned Aircraft Endorsements Advisory Notice to Policyholders
IL N 177 (09-12)	California Premium Refund Disclosure Notice
IL P 001 (01-04)	U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholders
AH QBCU 9000 (10-18)	Notice To Policyholders - Fraud Warnings
BP P 016 (05-14)	Businessowners Access Or Disclosure Of Confidential Or Personal Information Exclusions
AH UND 9051 (10-18)	California Community Service Statement
AH UND 9146 (02-18)	Policyholder Notice How To Report A Claim

BUSINESSOWNERS 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 Coverage Form, 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.

In Section II – Liability, the word "insured" means any person or organization qualifying as such under Paragraph C. Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph H. Property Definitions in Section I – Property and Paragraph F. Liability And Medical Expenses Definitions in Section II – Liability.

SECTION I – PROPERTY

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 includes Buildings as described under Paragraph a. below, Business Personal Property as described under Paragraph b. below, or both, depending on whether a Limit Of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under Paragraph 2. Property Not Covered.

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1)** Completed additions;
- (2)** Fixtures, including outdoor fixtures;
- (3)** Permanently installed:
 - (a)** Machinery; and
 - (b)** Equipment;
- (4)** Your personal property in apartments, rooms or common areas furnished by you as landlord;

(5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:

- (a)** Fire extinguishing equipment;
- (b)** Outdoor furniture;
- (c)** Floor coverings; and
- (d)** Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(6) If not covered by other insurance:

- (a)** Additions under construction, alterations and repairs to the buildings or structures;
- (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 buildings or structures.

b. Business Personal Property located in or on the buildings or structures at the described premises or in the open (or in a vehicle) within 100 feet of the buildings or structures or within 100 feet of the premises described in the Declarations, whichever distance is greater, including:

- (1)** Property you own that is used in your business;
- (2)** Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph E.5.d.(3)(b);
- (3)** Tenant's 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;
- (4)** Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph 1.b.(2); and

- (5) Exterior building glass, if you are a tenant and no Limit Of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. "Money" or "securities" except as provided in the:
 - (1) Money And Securities Optional Coverage; or
 - (2) Employee Dishonesty Optional Coverage;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- e. Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than trees, shrubs or plants which are part of a vegetated roof), all except as provided in the:
 - (1) Outdoor Property Coverage Extension; or
 - (2) Outdoor Signs Optional Coverage;
- f. Watercraft (including motors, equipment and accessories) while afloat;
- g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided in this policy;
- h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock";

- i. "Electronic data", except as provided under Additional Coverages – Electronic Data. This Paragraph i. does not apply to your "stock" of prepackaged software or to "electronic data" which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system; or
- j. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings.

3. Covered Causes Of Loss

Direct physical loss unless the loss is excluded or limited under Section I – Property.

4. Limitations

- a. We will not pay for loss of or damage to:
 - (1) 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.
 - (2) 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.
 - (3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the Optional Coverage for Money and Securities.
 - (4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
 - (5) 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:
 - (a) 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

- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- (6) Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (a) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (b) Changes in or extremes of temperature;
 - (c) Disease;
 - (d) Frost or hail; or
 - (e) Rain, snow, ice or sleet.
- b. 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:
 - (1) Animals, and then only if they are killed or their destruction is made necessary.
 - (2) Fragile articles such as glassware, statuary, marble, chinaware and porcelain, if broken. This restriction does not apply to:
 - (a) Glass that is part of the exterior or interior of a building or structure;
 - (b) Containers of property held for sale; or
 - (c) Photographic or scientific instrument lenses.
- c. For loss or damage by theft, the following types of property are covered only up to the limits shown (unless a higher Limit Of Insurance is shown in the Declarations):
 - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - (3) \$2,500 for patterns, dies, molds and forms.

5. Additional Coverages

a. Debris Removal

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

(4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

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

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

Therefore, if Paragraphs (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 \$25,000.

(5) Examples

Example 1

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

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

Example 2

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

Basic Amount	\$ 10,500
Additional Amount	\$ 25,000

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

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

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of 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 \$2,500 for service at each premises described in the Declarations, unless a different limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

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

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

d. Collapse

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in Paragraphs **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 policy or that contains Covered Property insured under this policy, 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:

- (i) A cause of loss listed in Paragraph **(2)(a)** or **(2)(b)**;
- (ii) One or more of the "specified causes of loss";
- (iii) Breakage of building glass;
- (iv) Weight of people or personal property; or
- (v) 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) Awnings;
- (b) Gutters and downspouts;
- (c) Yard fixtures;
- (d) Outdoor swimming pools;
- (e) Piers, wharves and docks;
- (f) Beach or diving platforms or appurtenances;
- (g) Retaining walls; and
- (h) Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in Paragraphs **(2)(a)** through **(2)(d)**, we will pay for loss or damage to that property only if such loss or damage is a direct result of the abrupt collapse of a building insured under this policy and the property is Covered Property under this policy.

- (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 Paragraphs **(2)(a)** through **(2)(d)** of this Additional Coverage;
- (b)** The personal property which collapses is inside a building; and
- (c)** The property which collapses is not of a kind listed in Paragraph **(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 policy.
- (8)** The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in Paragraphs **d.(1)** through **d.(7)**.

e. 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 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.

We will not pay the cost to repair any defect that caused the loss or damage, but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1)** Results in discharge of any substance from an automatic fire protection system; or
- (2)** Is directly caused by freezing.

f. Business Income

(1) Business Income

- (a)** 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 the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

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

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

- (b) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.
- (c) Business Income means the:
 - (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred 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; and
 - (ii) Continuing normal operating expenses incurred, including payroll.
- (d) Ordinary payroll expenses:
 - (i) Means payroll expenses for all your employees except:
 - i. Officers;
 - ii. Executives;
 - iii. Department Managers;
 - iv. Employees under contract; and
 - v. Additional Exemptions shown in the Declarations as:
 - Job Classifications; or
 - Employees.
 - (ii) Include:
 - i. Payroll;
 - ii. Employee benefits, if directly related to payroll;
 - iii. FICA payments you pay;
 - iv. Union dues you pay; and
 - v. Workers' compensation premiums.

(2) Extended Business Income

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

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.

- (b) 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.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
 - (a) The partial slowdown or complete cessation of your business activities; or
 - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4) This Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

g. Extra Expense

- (1) We will pay necessary Extra Expense 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 at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

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

- (a) The portion of the building which you rent, lease or occupy;
 - (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
 - (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.
- (2) Extra Expense means expense incurred:
- (a) To avoid or minimize the suspension of business and to continue "operations":
 - (i) At the described premises; or
 - (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
 - (b) To minimize the suspension of business if you cannot continue "operations".

(c) To:

- (i) Repair or replace any property; or
 - (ii) Research, replace or restore the lost information on damaged "valuable papers and records";
to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
- (a) The partial slowdown or complete cessation of your business activities; or
 - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

h. 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 for each location under this Additional Coverage is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

i. Civil Authority

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 necessary 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.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

j. Money Orders And "Counterfeit Money"

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

- (1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- (2) "Counterfeit money" that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$1,000.

k. Forgery Or Alteration

- (1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- (3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act and will be treated the same as the original it replaced.
- (4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500, unless a higher Limit Of Insurance is shown in the Declarations.

l. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in Paragraphs (3) through (9) of this Additional Coverage.

- (3) The ordinance or law referred to in Paragraph (2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot or dry rot.
- (6) The most we will pay under this Additional Coverage, for each described building insured under Section I – Property, is \$10,000. If a damaged building(s) 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 each damaged building, is \$10,000.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:

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

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction 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 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 Property Loss Condition in Section I – Property do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in Paragraph (6) of this Additional Coverage, is not subject to such limitation.

m. Business Income From Dependent Properties

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property or secondary dependent property caused by or resulting from any Covered Cause of Loss.

However, this Additional Coverage does not apply when the only loss at the premises of a dependent property or secondary dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property or secondary dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Additional Coverage is \$5,000 unless a higher Limit Of Insurance is indicated in the Declarations.

- (2)** We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
 - (a)** Source of materials; or
 - (b)** Outlet for your products.
- (3)** 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)** Dependent property means property owned by others whom you depend on to:
 - (a)** Deliver materials or services to you, or to others for your account. But services does not mean water supply services, wastewater removal services, communication supply services or power supply services;
 - (b)** Accept your products or services;
 - (c)** Manufacture your products for delivery to your customers under contract for sale; or
 - (d)** Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.
- (5)** Secondary dependent property means an entity which is not owned or operated by a dependent property and which:
 - (a)** Delivers materials or services to a dependent property, which in turn are used by the dependent property in providing materials or services to you; or

- (b)** Accepts materials or services from a dependent property, which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a secondary dependent property.

Any property which delivers any of the following services is not a secondary dependent property with respect to such services:

- (i)** Water supply services;
- (ii)** Wastewater removal services;
- (iii)** Communication supply services; or
- (iv)** Power supply services.

The secondary dependent property must be located in the coverage territory of this policy.

- (6)** The coverage period for Business Income under this Additional Coverage:
 - (a)** Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property or secondary dependent property; and
 - (b)** Ends on the date when the property at the premises of the dependent property or secondary dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (7)** The Business Income coverage period, as stated in Paragraph **(6)**, does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:
 - (a)** Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (b)** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not reduce the Business Income coverage period.

- (8) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

n. Glass Expenses

- (1) We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- (2) 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.

o. Fire Extinguisher Systems Recharge Expense

- (1) We will pay:
- (a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and
- (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- (3) The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

p. Electronic Data

- (1) 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.

- (2) The Covered Causes of Loss applicable to Business Personal Property include a computer 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.

- (3) The most we will pay under this Additional Coverage – Electronic Data 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, is \$10,000, unless a higher Limit Of Insurance is shown in the Declarations. 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) This Additional Coverage does not apply to your "stock" of prepackaged software, or to "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

q. Interruption Of Computer Operations

- (1) 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.

- (2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) Coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" and Collapse.
 - (b) If the Businessowners Coverage 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.
 - (c) The Covered Causes of Loss include a computer 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, modify, maintain, repair or replace that system.
- (3) The most we will pay under this Additional Coverage – Interruption Of Computer Operations 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, is \$10,000 unless a higher Limit Of Insurance is shown in the Declarations. 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.
- (4) This Additional Coverage – Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (3) above has not been exhausted.
- (5) 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 Paragraphs (1) through (4) of this Additional Coverage.

(6) 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 Paragraphs (1) through (4) of this Additional Coverage.

(7) This Additional Coverage does not apply when loss or damage to "electronic data" involves only "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

r. Limited Coverage For "Fungi", Wet Rot Or Dry Rot

(1) The coverage described in Paragraphs r.(2) and r.(6) only applies when the "fungi", wet rot or dry rot is the result of a "specified cause of loss" other than fire or lightning 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.

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

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

- (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
- (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; 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 "fungi", wet rot or dry rot is present.

(3) The coverage described under 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) 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 "fungi", wet rot or dry rot, we will not pay more than the total of \$15,000 even if the "fungi", wet rot or dry rot 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 "fungi", wet rot or dry rot, 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 "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot 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 the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.

(6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage:

- (a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense Additional Coverages 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 "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot 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.

6. Coverage Extensions

In addition to the Limits of Insurance of Section I – Property, you may extend the insurance provided by this policy as provided below.

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:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Buildings, 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 premises other than the one described, 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) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

- (a) Business Personal Property, including such property that you newly acquire, at any location you acquire; or
- (b) 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.

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

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

(3) Period Of Coverage

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

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

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

b. Personal Property Off-premises

You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$10,000.

c. Outdoor Property

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than trees, shrubs or plants which are part of a vegetated roof), including debris removal expense. Loss or damage must be caused by or result from any of the following 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 \$2,500, unless a higher Limit Of Insurance for Outdoor Property is shown in the Declarations, but not more than \$1,000 for any one tree, shrub or plant.

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

d. Personal Effects

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees, including temporary or leased employees. This extension does not apply to:

- (1) Tools or equipment used in your business; or
- (2) Loss or damage by theft.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises.

e. Valuable Papers And Records

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(2) This Coverage Extension does not apply to:

(a) Property held as samples or for delivery after sale; and

(b) Property in storage away from the premises shown in the Declarations.

(3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$10,000, unless a higher Limit Of Insurance for "valuable papers and records" is shown in the Declarations.

For "valuable papers and records" not at the described premises, the most we will pay is \$5,000.

(4) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.

(5) Paragraph **B.** Exclusions in Section **I** – Property does not apply to this Coverage Extension except for:

(a) Paragraph **B.1.c.**, Governmental Action;

(b) Paragraph **B.1.d.**, Nuclear Hazard;

(c) Paragraph **B.1.f.**, War And Military Action;

- (d) Paragraph **B.2.f.**, Dishonesty;
- (e) Paragraph **B.2.g.**, False Pretense;
- (f) Paragraph **B.2.m.(2)**, Errors Or Omissions; and
- (g) Paragraph **B.3.**

f. Accounts Receivable

- (1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:
 - (a) All amounts due from your customers that you are unable to collect;
 - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
 - (d) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

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

- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay is \$5,000.

- (3) Paragraph **B.** Exclusions in Section **I** – Property does not apply to this Coverage Extension except for:
 - (a) Paragraph **B.1.c.**, Governmental Action;
 - (b) Paragraph **B.1.d.**, Nuclear Hazard;
 - (c) Paragraph **B.1.f.**, War And Military Action;
 - (d) Paragraph **B.2.f.**, Dishonesty;
 - (e) Paragraph **B.2.g.**, False Pretense;
 - (f) Paragraph **B.3.**; and
 - (g) Paragraph **B.6.**, Accounts Receivable Exclusion.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the buildings or structures described in the Declarations or within 100 feet of the described premises, whichever distance is greater.
- (2) The limitation under Paragraph **A.4.a.(5)** also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the Business Personal Property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the Business Personal Property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to Business Personal Property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form, and does not apply to loss or damage to the storage unit itself.

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. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Ordinance Or Law

- (1) The enforcement of or compliance with any ordinance or law:
 - (a) Regulating the construction, use or repair of any property; or

- (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion, Ordinance Or Law, applies whether the loss results from:
 - (a) An ordinance or law that is enforced even if the property has not been damaged; or
 - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

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

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

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

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

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

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

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

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

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

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

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

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

This exclusion does not apply to loss or damage to "computer(s)" and "electronic data".

f. War And Military Action

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

g. Water

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

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

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

h. Certain Computer-related Losses

- (1) The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any insured or to others:
 - (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;
 - (ii) "Computer" application software or other "electronic data" as may be described elsewhere in this policy;
 - (iii) "Computer" operating systems and related software;
 - (iv) "Computer" networks;
 - (v) Microprocessors ("computer" chips) not part of any "computer" system; or
 - (vi) Any other computerized or electronic equipment or components; or
 - (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph (1) above.

However, if excluded loss or damage, as described in Paragraph (1) above, results in a "specified cause of loss" under Section I – Property, we will pay only for the loss or damage caused by such "specified cause of loss".

We will not pay for repair, replacement or modification of any items in Paragraph (1)(a) or (1)(b) to correct any deficiencies or change any features.

i. "Fungi", Wet Rot Or Dry Rot

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

But if "fungi", wet rot or dry rot 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 "fungi", wet rot or dry rot results from fire or lightning; or
- (2) To the extent that coverage is provided in the Limited Coverage For "Fungi", Wet Rot Or Dry Rot Additional Coverage, with respect to loss or damage by a cause of loss other than fire or lightning.

j. Virus Or Bacteria

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion i.
- (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".

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

a. Electrical Apparatus

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:

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

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

We will pay for loss or damage to "computer(s)" due to artificially generated electrical, magnetic or electromagnetic energy if such loss or damage is caused by or results from:

- (1) An occurrence that took place within 100 feet of the described premises; or
- (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

b. Consequential Losses

Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas

Smoke, vapor or gas from agricultural smudging or industrial operations.

d. Steam Apparatus

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.

e. Frozen Plumbing

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.

f. Dishonesty

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

g. False Pretense

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.

h. Exposed Property

Rain, snow, ice or sleet to personal property in the open.

i. Collapse

- (1) Collapse, including any of the following conditions of property or any part of the property:

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

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.

- (2) This Exclusion i. 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.

j. Pollution

We will not pay for loss or damage caused by or resulting from the 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".

k. Neglect

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

l. Other Types Of Loss

- (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.

This exclusion does not apply with respect to the breakdown of "computer(s)";
- (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 Paragraphs (1) through (7) above 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.

m. Errors Or Omissions

Errors or omissions in:

- (1) Programming, processing or storing data, as described under "electronic data" or in any "computer" operations; or
- (2) Processing or copying "valuable papers and records".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

n. Installation, Testing, Repair

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your "computer" system including "electronic data".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

o. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided for under the Additional Coverages of Section I – Property.

However, we will pay for direct loss or damage caused by lightning.

p. Continuous Or Repeated Seepage Or Leakage Of Water

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.

3. We will not pay for loss or damage caused by or resulting from any of the following Paragraphs **a.** through **c.** But if an excluded cause of loss that is listed in Paragraphs **a.** through **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

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

b. Acts Or Decisions

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

c. Negligent Work

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. Additional Exclusion

The following applies only to the property specified in this Additional Exclusion:

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.

5. Business Income And Extra Expense Exclusions

a. We will not pay for:

(1) Any Extra Expense, or increase of Business Income 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.

(2) Any other consequential loss.

b. With respect to this exclusion, suspension means:

(1) The partial slowdown or complete cessation of your business activities; and

(2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

6. Accounts Receivable Exclusion

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

a. Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.

c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limits Of Insurance of Section I – Property shown in the Declarations.

2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

3. The amounts of insurance applicable to the Coverage Extensions and the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance of Section I – Property:

a. Fire Department Service Charge;

b. Pollutant Clean-up And Removal;

c. Increased Cost Of Construction;

d. Business Income From Dependent Properties;

e. Electronic Data; and

f. Interruption Of Computer Operations.

4. Building Limit – Automatic Increase

a. In accordance with Paragraph C.4.b., the Limit of Insurance for Buildings will automatically increase by 8%, unless a different percentage of annual increase is shown in the Declarations.

b. The amount of increase is calculated as follows:

- (1) Multiply the Building limit that applied on the most recent of the policy inception date, the policy anniversary date or any other policy change amending the Building limit by:
 - (a) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 7% is .07); or
 - (b) .08, if no percentage of annual increase is shown in the Declarations; and
- (2) Multiply the number calculated in accordance with b.(1) by the number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example

If:

The applicable Building limit 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

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

5. Business Personal Property Limit – Seasonal Increase

- a. Subject to Paragraph 5.b., the Limit of Insurance for Business Personal Property is automatically increased by:
 - (1) The Business Personal Property – Seasonal Increase percentage shown in the Declarations; or
 - (2) 25% if no Business Personal Property – Seasonal Increase percentage is shown in the Declarations;to provide for seasonal variances.
- b. The increase described in Paragraph 5.a. will apply only if the Limit Of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
 - (1) The 12 months immediately preceding the date the loss or damage occurs; or
 - (2) The period of time you have been in business as of the date the loss or damage occurs.

D. Deductibles

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance of Section I – Property.
2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is the Optional Coverage Deductible shown in the Declarations:
 - a. Money and Securities;
 - b. Employee Dishonesty;
 - c. Outdoor Signs; and
 - d. Forgery or Alteration.

But this Optional Coverage Deductible will not increase the Deductible shown in the Declarations. This Deductible will be used to satisfy the requirements of the Deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:
 - a. Fire Department Service Charge;
 - b. Business Income;
 - c. Extra Expense;
 - d. Civil Authority; and
 - e. Fire Extinguisher Systems Recharge Expense.

E. Property Loss Conditions

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on 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 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 Limits of Insurance of Section I – Property. 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.
- (9) 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.

4. Legal Action Against Us

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

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within two years after the date on which the direct physical loss or damage occurred.

5. Loss Payment

In the event of loss or damage covered by this policy:

- a. 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;
 - (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 Paragraph **d.(1)(e)** below.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Except as provided in Paragraphs **(2)** through **(7)** below, we will determine the value of Covered Property as follows:
 - (1) At replacement cost without deduction for depreciation, subject to the following:
 - (a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (i) The Limit of Insurance under Section I – Property that applies to the lost or damaged property;

- (ii) The cost to replace, on the same premises, the lost or damaged property with other property:
 - i. Of comparable material and quality; and
 - ii. Used for the same purpose; or
- (iii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.

- (b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance that applies to the property:
 - (i) The actual cash value of the lost or damaged property; or
 - (ii) A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the full replacement cost of the property.

Example

The full replacement cost of property which suffers a total loss is \$100,000. The property is insured for \$70,000. 80% of the full replacement cost of the property immediately before the loss is \$80,000 ($\$100,000 \times .80 = \$80,000$). A partial loss of \$25,000 is sustained. The amount of recovery is determined as follows:

Amount of recovery

$$\$70,000 \div \$80,000 = .875$$

$$.875 \times \$25,000 = \$21,875$$

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

However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of Paragraphs **d.(1)(a)** and **d.(1)(b)** above whether or not the actual repair or replacement is complete.
- (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- (2) If the Actual Cash Value – Buildings option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
- (3) The following property at actual cash value:
 - (a) Used or secondhand merchandise held in storage or for sale;
 - (b) Property of others. However, 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;

- (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
 - (d) Manuscripts; and
 - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenants' improvements and betterments at:
- (a) Replacement cost if you make repairs promptly.
 - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (ii) Divide the amount determined in (i) 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.
 - (c) Nothing if others pay for repairs or replacement.
- (6) Applicable only to the Optional Coverages:
- (a) "Money" at its face value; and
 - (b) "Securities" at their value at the close of business on the day the loss is discovered.
- (7) Applicable only to accounts receivable:
- (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
 - (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (i) The amount of the accounts for which there is no loss or damage;
 - (ii) The amount of the accounts that you are able to reestablish or collect;
 - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv) All unearned interest and service charges.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. 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, provided you have complied with all of the terms of this policy, 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 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.

6. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must 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 Limits of Insurance of Section I – Property.

7. Resumption Of Operations

We will reduce the amount of your:

- a. 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.
- b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

8. 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 Paragraphs (a) and (b) below:
 - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
 - (ii) Used by the building owner to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;

- (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in Paragraphs (1)(a) through (1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

F. Property General Conditions

1. 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 Form 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.

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 policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this policy 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 policy 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 policy:

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

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

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

3. No Benefit To Bailee

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

4. Policy Period, Coverage Territory

Under Section I – Property:

- a. We cover loss or damage commencing:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below:

1. Outdoor Signs

- a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:
 - (1) Owned by you; or
 - (2) Owned by others but in your care, custody or control.
- b. Paragraph A.3., Covered Causes Of Loss and Paragraph B., Exclusions in Section I – Property do not apply to this Optional Coverage, except for:
 - (1) Paragraph B.1.c., Governmental Action;
 - (2) Paragraph B.1.d., Nuclear Hazard; and
 - (3) Paragraph B.1.f., War And Military Action.
- c. We will not pay for loss or damage caused by or resulting from:
 - (1) Wear and tear;
 - (2) Hidden or latent defect;
 - (3) Rust;
 - (4) Corrosion; or
 - (5) Mechanical breakdown.
- d. The most we will pay for loss or damage in any one occurrence is the Limit Of Insurance for Outdoor Signs shown in the Declarations.
- e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

2. Money And Securities

- a. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee (including a temporary or leased employee) having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
 - (1) Theft, meaning any act of stealing;
 - (2) Disappearance; or
 - (3) Destruction.

- b. In addition to the Limitations and Exclusions applicable to Section I – Property, we will not pay for loss:

- (1) Resulting from accounting or arithmetical errors or omissions;
- (2) Due to the giving or surrendering of property in any exchange or purchase; or
- (3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

- c. The most we will pay for loss in any one occurrence is:

- (1) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while:
 - (a) In or on the described premises; or
 - (b) Within a bank or savings institution; and
- (2) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else.

- d. All loss:

- (1) Caused by one or more persons; or
 - (2) Involving a single act or series of related acts;
- is considered one occurrence.

- e. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

3. Employee Dishonesty

- a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) Any employee; or
 - (b) Any other person or organization.

b. We will not pay for loss or damage:

- (1)** Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
- (2)** Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph **a.**), "managers" or directors:
 - (a)** Whether acting alone or in collusion with other persons; or
 - (b)** While performing services for you or otherwise.
- (3)** The only proof of which as to its existence or amount is:
 - (a)** An inventory computation; or
 - (b)** A profit and loss computation.
- (4)** Caused by an employee if the employee had also committed theft or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the employee, learned of that theft or dishonest act prior to the policy period shown in the Declarations.

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

d. All loss or damage:

- (1)** Caused by one or more persons; or
- (2)** Involving a single act or series of acts; is considered one occurrence.

e. If any loss is covered:

- (1)** Partly by this insurance; and
- (2)** Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

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

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

f. This Optional Coverage is cancelled as to any employee immediately upon discovery by:

- (1)** You; or
- (2)** Any of your partners, "members", "managers", officers or directors not in collusion with the employee;

of any dishonest act committed by that employee before or after being hired by you.

g. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

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

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

i. The insurance under Paragraph **h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:**

- (1)** This Optional Coverage as of its effective date; or
- (2)** The prior insurance had it remained in effect.

j. With respect to the Employee Dishonesty Optional Coverage in Paragraph **G.3., employee means:**

- (1)** Any natural person:
 - (a)** While in your service or for 30 days after termination of service;
 - (b)** Who you compensate directly by salary, wages or commissions; and
 - (c)** Who you have the right to direct and control while performing services for you;

- (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent employee, as defined in Paragraph (1) above, who is on leave; or
 - (b) To meet seasonal or short-term workload conditions;
- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (2) above;
- (4) Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or
- (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

4. Equipment Breakdown Protection Coverage

- a. We will pay for direct loss of or damage to Covered Property caused by or resulting from a mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment.

Mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment does not mean any:

- (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
- (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (3) Damage to any vacuum tube, gas tube, or brush; or
- (4) The functioning of any safety or protective device.

- b. Paragraphs **A.4.a.(1)** and **A.4.a.(2)**, Limitations, do not apply to this Optional Coverage.

- c. With respect to the coverage provided by this Optional Coverage, the following exclusions in Paragraph **B. Exclusions** do not apply:

- (1) Paragraph **B.2.a.**, Electrical Apparatus;
- (2) Paragraph **B.2.d.**, Steam Apparatus; and
- (3) Paragraph **B.2.l.(6)**, Mechanical Breakdown.

- d. With respect to the coverage provided by this Optional Coverage, Paragraph **G.1.c.(5)** of the **Outdoor Signs Optional Coverage** does not apply.

- e. If a dollar deductible is shown in the Declarations for this Optional Coverage, we will first subtract the applicable deductible amount from any loss we would otherwise pay. We will then pay the amount of loss in excess of the applicable deductible up to the applicable limit for this coverage.

If no optional deductible is chosen for this Optional Coverage, the Property Deductible shown in the Declarations applies.

- f. With respect to Additional Coverages **5.f.** Business Income and **5.g.** Extra Expense, if the 72-hour time period in the definition of "period of restoration" (hereinafter referred to as time deductible) is amended for this Optional Coverage as shown in the Declarations, we will not pay for any Business Income loss that occurs during the consecutive number of hours shown as the time deductible in the Declarations immediately following a mechanical breakdown or electrical failure. If a time deductible is shown in days, each day shall mean 24 consecutive hours.

With respect to the coverage provided by this Optional Coverage, any time deductible shown in the Declarations for Equipment Breakdown Protection Coverage supersedes any time deductible otherwise applicable to the Business Income coverage provided by this policy.

- g. With respect to the coverage provided by this Optional Coverage, Paragraph **H. Property Definitions** is amended as follows:

- 1. "Computer" means:
 - a. Programmable electronic equipment that is used to store, retrieve and process data; and

- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" includes those used to operate production-type machinery or equipment.

- h. Whenever any covered pressure, mechanical or electrical machinery and equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may suspend coverage provided by this Optional Coverage for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment.

However, coverage provided by this Optional Coverage may be reinstated for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment if the reasons for the suspension are found by any of our representatives to no longer exist.

We may suspend or reinstate this Optional coverage by mailing or delivering a written notification regarding the suspension or reinstatement to:

- (1) Your last known address; or
- (2) The address where the pressure, mechanical or electrical machinery and equipment is located.

This notification will indicate the effective date of the suspension or reinstatement.

If the coverage provided by this Optional Coverage is not reinstated, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

H. Property Definitions

1. "Computer" means:

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production-type machinery or equipment.

- 2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
- 3. "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.
- 4. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 5. "Manager" means a person serving in a directorial capacity for a limited liability company.
- 6. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
- 7. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Traveler's checks, register checks and money orders held for sale to the public.
- 8. "Operations" means your business activities occurring at the described premises.
- 9. "Period of restoration":
 - a. Means the period of time that:
 - (1) Begins:
 - (a) 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;
 - caused by or resulting from any Covered Cause of Loss at the described premises; and

(2) Ends on the earlier of:

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

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

b. Does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

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

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

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

10. "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.

11. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

12. "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 of or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

(1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam; and

(2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

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

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

13. "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.

14. "Valuable papers and records" means inscribed, printed or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities".

SECTION II – LIABILITY

A. Coverages

1. Business Liability

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

- (1) The amount we will pay for damages is limited as described in Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in Section II – Liability; and
- (2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph **f. Coverage Extension – Supplementary Payments**.

b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:
 - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (b) The "bodily injury" or "property damage" occurs during the policy period; and

(c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.

(2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

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

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

f. Coverage Extension – Supplementary Payments

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

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

These payments will not reduce the limit of liability.

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

- (a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- (b) This insurance applies to such liability assumed by the insured;
- (c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- (d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- (e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- (f) The indemnitee:
 - (i) Agrees in writing to:
 - i. Cooperate with us in the investigation, settlement or defense of the "suit";
 - ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - iii. Notify any other insurer whose coverage is available to the indemnitee; and

- iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
- (ii) Provides us with written authorization to:
 - i. Obtain records and other information related to the "suit"; and
 - ii. Conduct and control the defense of the indemnitee in such "suit".
- (3) So long as the conditions in Paragraph (2) are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph B.1.b.(2) Exclusions in Section II – Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits of Insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- (a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or
- (b) The conditions set forth above, or the terms of the agreement described in Paragraph (2)(f) above, are no longer met.

2. Medical Expenses

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
 provided that:
 - (a) The accident takes place in the "coverage territory" and during the policy period;
 - (b) The expenses are incurred and reported to us within one year of the date of the accident; and

- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limits of Insurance of Section II – Liability. We will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

B. Exclusions

1. Applicable To Business Liability Coverage

This insurance does not apply to:

a. Expected Or Intended Injury

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

b. Contractual Liability

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

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

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

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

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

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

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

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

d. Workers' Compensation And Similar Laws

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

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or

- (b) Performing duties related to the conduct of the insured's business; or

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

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

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

f. Pollution

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

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

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

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

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

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible;
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
 - (b) The operation of any of the following machinery or equipment:
 - (i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (ii) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. Mobile Equipment

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

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

i. War

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

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

j. Professional Services

"Bodily injury", "property damage" or "personal and advertising injury" caused by the rendering or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, X-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services; and
- (9) Services in the practice of pharmacy.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

k. Damage To Property

"Property damage" to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Paragraph D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability.

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

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

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

l. Damage To Your Product

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

m. Damage To Your Work

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

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

n. Damage To Impaired Property Or Property Not Physically Injured

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

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

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

o. Recall Of Products, Work Or Impaired Property

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

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

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

p. Personal And Advertising Injury

"Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period;
- (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- (5) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (6) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (7) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (8) Committed by an insured whose business is:
 - (a) Advertising, broadcasting, publishing or telecasting;
 - (b) Designing or determining content of web sites for others; or
 - (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under Paragraph **F. Liability And Medical Expenses Definitions**.

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

- (9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- (10) With respect to any loss, cost or expense arising out of any:
 - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants";
- (11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- (12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan;
- (13) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

q. Electronic Data

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

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

As used in this exclusion, electronic data means information, facts or 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.

r. Criminal Acts

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

s. Recording And Distribution Of Material Or Information In Violation Of Law

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

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

Exclusions **c., d., e., f., g., h., i., k., l., m., n.** and **o.** in Section II – Liability do not apply to damage by fire to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D. Liability And Medical Expenses** Limits of Insurance in Section II – Liability.

2. Applicable To Medical Expenses Coverage

We will not pay expenses for "bodily injury":

- a. To any insured, except "volunteer workers".
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
- f. Included within the "products-completed operations hazard".
- g. Excluded under Business Liability Coverage.

3. Applicable To Both Business Liability Coverage And Medical Expenses Coverage – Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business 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 the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, 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 Medical Expenses 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 Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "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.
- d. As used in this exclusion:
- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (2) "Hazardous properties" include radioactive, toxic or explosive properties;
- (3) "Nuclear facility" means:
- (a) Any "nuclear reactor";
 - (b) Any equipment or device designed or used for:
 - (i) Separating the isotopes of uranium or plutonium;
 - (ii) Processing or utilizing "spent fuel"; or
 - (iii) 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;
- (4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";
 - (5) "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;
 - (6) "Property damage" includes all forms of radioactive contamination of property;
 - (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

(10) "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 Paragraphs **(a)** and **(b)** of the definition of "nuclear facility".

C. Who Is An Insured

1. If you are designated in the Declarations as:

- a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b.** A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- c.** A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

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

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

- (a)** To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b)** To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph **(a)** above;
- (c)** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(a)** or **(b)**; or
- (d)** Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a)** Owned, occupied or used by;

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

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

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

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

D. Liability And Medical Expenses Limits Of Insurance

1. The Limits of Insurance of Section II – Liability shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The most we will pay for the sum of all damages because of all:
 - a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
 - b. "Personal and advertising injury" sustained by any one person or organization;

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

3. The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

- a. All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice the Liability and Medical Expenses limit.
- b. All:
 - (1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
 - (2) Plus medical expenses;
 - (3) Plus all "personal and advertising injury" caused by offenses committed;is twice the Liability and Medical Expenses limit.

Subject to Paragraph a. or b. above, whichever applies, the Damage To Premises Rented To You limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

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

E. Liability And Medical Expenses General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

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

4. Separation Of Insureds

Except with respect to the Limits of Insurance of Section II – Liability, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

F. Liability And Medical Expenses Definitions

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- 2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

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

- 3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- 4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;
 - (2) The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

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

- 5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
- 7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
- 8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

- (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
- (2) Your fulfilling the terms of the contract or agreement.

- 9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
 - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph **(2)** above and supervisory, inspection or engineering services.
- 10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

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

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

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

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

- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b.** Vehicles maintained for use solely on or next to premises you own or rent;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, on which are permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

- e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

- f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

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

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

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

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

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

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

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

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

- f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
- 15. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.**
- 16. "Products-completed operations hazard":**
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

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

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

17. "Property damage" means:

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

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

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

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

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

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

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

21. "Your product":

a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or

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

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

b. Includes:

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

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

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

22. "Your work":

a. Means:

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

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

b. Includes:

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

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

SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)

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. Five days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:

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

(a) Seasonal unoccupancy; or

(b) Buildings in the course of construction, renovation or addition.

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

(2) After damage by a Covered Cause of Loss, permanent repairs to the building:

(a) Have not started; and

(b) Have not been contracted for; within 30 days of initial payment of loss.

(3) The building has:

(a) An outstanding order to vacate;

(b) An outstanding demolition order; or

(c) Been declared unsafe by governmental authority.

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

(5) Failure to:

(a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

(b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

c. 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. Concealment, Misrepresentation Or Fraud

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

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

D. 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.

E. 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 and 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.

F. 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.

G. Liberalization

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

H. Other Insurance

1. If there is other insurance covering the same loss or damage, 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 of Section I – Property.
2. Business Liability Coverage is excess over:
 - a. Any other insurance that insures for direct physical loss or damage; or
 - b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured.
3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

I. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- a. Paid to us prior to the anniversary date; and
- b. Determined in accordance with Paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

J. Premium Audit

1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
2. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

K. Transfer Of Rights Of Recovery Against Others To Us

1. Applicable to Businessowners Property Coverage:

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

- a. Prior to a loss to your Covered Property.

- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;
- (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
- (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

L. 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.

BUSINESSOWNERS COVERAGE FORM INDEX

This index is provided only as a convenience. It should not be assumed to provide a reference to every provision that can affect a question, claim or coverage. To determine the full scope of coverage and pertinent restrictions and exclusions, the policy (including endorsements) must be read in its entirety. The features may also be affected by related provisions not referenced at all in the index, or noted elsewhere in it. For instance, an **Exclusion** feature addresses a specific policy exclusion; but restrictions of coverage and exclusions also appear within the areas where coverage, covered causes of loss, etc., are described.

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Fees and Surcharge Schedule

Coverage Provided by General Casualty Company of Wisconsin

Policy Number

BBP0010190-00

Named Insured

The Bungalow Restaurant LLC

Agency

United Valley Insurance
Services, Inc.

Installment Service Fee – If an Installment payment plan is chosen, a \$7.00 installment service fee will apply to each Statement Account installment bill. No service fee is applied to the annual payment plan nor to the down payment on an installment payment plan. If the policy is subsequently paid in full, no further installment service fees are applied.

Non-Sufficient Fund Fee – A \$25 NSF Fee will be assessed per check returned by the financial institution.

Late Fee – A \$10 Late Fee will be assessed when payment is received after the due date on the invoice. Late fees are charged on an account invoice basis.

THIS IS A CLAIMS-MADE AND REPORTED COVERAGE ENDORSEMENT.

PLEASE NOTE THAT DEFENSE COSTS ARE CONTAINED WITHIN THE LIMIT OF LIABILITY AND THE DEDUCTIBLE. PLEASE READ THE ENTIRE EMPLOYMENT PRACTICES LIABILITY COVERAGE ENDORSEMENT CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.

EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE ENDORSEMENT

Throughout this Coverage Endorsement (hereinafter referred to as "EPL Coverage"), the words "you" and "your" refer to the "named insured(s)" shown in the Supplemental Declarations of this EPL Coverage and any other person(s) or organization(s) qualifying as a "named insured" under this EPL Coverage. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION III. WHO IS AN INSURED. Other words and phrases that appear in "quotations" have special meaning. Refer to SECTION VII. DEFINITIONS.

The terms and conditions of the Cancellation Clause of the Common Policy Conditions and any amendment to such terms incorporated by endorsement are hereby incorporated herein and shall apply to coverage as is afforded by this EPL Coverage, unless specifically stated otherwise in an endorsement(s) attached hereto.

SECTION I. WHAT IS COVERED

A. Insuring Agreement

1. "We" shall pay those "losses" arising out of an "insured's" "wrongful employment act" (other than a "third party violation") against "your" "employees", "recognized volunteers" and "applicants for employment" to which this insurance applies.
2. If coverage for "third party violations" is shown on the Supplemental Declarations, then "we" shall pay those "losses" arising out of an "insured's" "third party violation".
3. For coverage to apply under this EPL Coverage, the "wrongful employment act" or "third party violation" must commence or take place after the Retroactive Date, but before the end of the "EPL coverage period". If no Retroactive Date appears on the Supplemental Declarations then the Retroactive Date shall be the date of organization of the "named insured." A "claim" or "suit" for a "wrongful employment act" or "third party violation" must be first made against "you" during the "EPL coverage period" and reported to "us" pursuant to the terms of this EPL Coverage.

4. A "claim" or "suit" by a person or organization seeking damages will be deemed to have been made at the earlier of the following times:

- a. When written notice of such "claim" or "suit" is received and recorded by any "insured" or by "us", whichever comes first; or
- b. When "we" make any settlement in accordance with the terms of this EPL Coverage.

B. Defense

1. "We" have the right and duty to defend and appoint an attorney to defend any "claim" or "suit" brought against any "insured" for a "wrongful employment act" or "third party violation" to which this insurance applies, even if the "claim" or "suit" is groundless or fraudulent.

At the time a "claim" or "suit" is first reported to "us", "you" may request that "we" appoint a defense attorney of "your" choice. "We" will give full consideration to any such request.

2. "We" have the right to investigate and settle any "claim" or "suit" that "we" believe is proper. "You" shall be entitled to consent to such settlement, provided "your" consent is not unreasonably withheld and is provided as soon as practicable.

If "you" refuse to consent to any settlement that "we" recommend and that is acceptable to the claimant, then "our" liability under this EPL Coverage for such "claim" or "suit" shall not exceed the amount for which we could have settled had "your" consent not been withheld at the time of "our" recommendation. "You" shall thereafter negotiate and defend that "claim" or "suit" at "your" own cost and without "our" involvement.

3. "We" shall pay all reasonable costs "we" ask the "insured" to incur while helping "us" investigate or defend a "claim" or "suit". "We", however, will not pay more than \$250 per day for earnings lost by the "insured" because of time taken off from work.
4. "We" shall pay premiums for appeal bonds, or bonds to release property being used to secure a legal obligation, for a covered "suit". "We" shall only pay, however, for bonds valued up to "our" EPL Aggregate Limit of Liability. "We" shall have no obligation to appeal or to obtain these bonds.
5. Payments for "defense costs" are included within the EPL Aggregate Limit of Liability. They are not in addition to the EPL Aggregate Limit of Liability. "Our" duty to defend or to make payment of any "claim" or "suit" pursuant to Paragraphs 1. through 4. of this Clause B., ends after the EPL Aggregate Limit of Liability has been exhausted by payment of "loss", including "defense costs".
6. "We" shall pay all interest on that amount of any judgment within the EPL Aggregate Limit of Liability:
 - a. Which accrues after entry of judgment; and
 - b. Before "we" pay, offer to pay, or deposit in court that part of the judgment within the EPL Aggregate Limit of Liability.

These interest payments shall be in addition to and not part of the EPL Aggregate Limit of Liability.

C. Transfer of Control

1. "You" may take over control of any outstanding "claim" or "suit" previously reported to "us", but only if "we", in "our" sole discretion, decide that you should, or if a court orders "you" to do so.

2. Notwithstanding Paragraph 1. of this Clause C., in all events, if the EPL Aggregate Limit of Liability is exhausted, "we" will notify "you" of all outstanding "claims" or "suits" and "you" will take over control of the defense. "We" will help transfer control of the "claims" and "suits" to "you".
3. "We" shall take whatever steps are necessary to continue the defense of any outstanding "claim" or "suit" and avoid a default judgment during the transfer of control to "you". If "we" do so, "we" shall not waive or give up any of "our" rights. "You" shall pay all reasonable expenses "we" incur for taking such steps after the EPL Aggregate Limit of Liability is exhausted.

SECTION II. EXCLUSIONS — WHAT IS NOT COVERED

This insurance does not apply to:

A. Criminal Acts

Any liability arising out of any dishonest, fraudulent, criminal, or malicious act by or at the direction of any "insured". However, to the extent that a "claim" or "suit" is otherwise covered under this EPL Coverage "we" will defend a "claim" or "suit" asserting a dishonest, fraudulent, criminal or malicious act until such time as the "insured" is determined to have committed such dishonest, fraudulent, criminal or malicious act;

The "wrongful employment act(s)" or "third party violation(s)" of an "insured" shall not be imputed to any other "insured" for the purpose of determining the applicability of this Exclusion A.

B. "Property Damage"

Any liability arising out of "property damage".

C. "Bodily Injury"

Any liability arising out of "bodily injury".

D. Worker's Compensation, Social Security and Unemployment, Disability and Retirement Benefits

Any liability arising out of any obligation pursuant to any worker's compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law. This exclusion, however, shall not apply to "loss" arising from a "claim" or "suit" for "retaliation".

E. Contractual Liability

Any liability arising out of any actual or alleged contractual liability of any "insured" under any express contract or agreement. This exclusion, however, shall not apply to any liability the "insured" would have in the absence of such express contract or agreement.

F. ERISA, FLSA, NLRA, WARN, COBRA, and OSHA

Any liability for violation(s) of any of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar federal, state, local or foreign statutory law or common law.

It is acknowledged that "claims" and "suits" for violation(s) of any of the responsibilities, obligations or duties imposed by "similar federal, state, local or foreign statutory law or common law," as such quoted language is used in the immediately-preceding paragraph, include, without limitation, any and all "claims" and "suits" which in whole or in part allege, arise out of, are based upon, are attributable to, or are in any way related to any of the circumstances described in any of the following:

1. The refusal, failure or inability of any "insured(s)" to pay wages or overtime pay (or amounts representing such wages or overtime pay) for services rendered or time spent in connection with work related activities (as opposed to tort-based back pay or front pay damages for torts other than conversion);
2. Improper deductions from pay taken by any "insured(s)" from any "employee(s)" or purported employee(s); or
3. Failure to provide or enforce legally required meal or rest break periods;

Notwithstanding the foregoing, this Exclusion **F.** shall not apply to the extent that a "claim" or "suit" is for "retaliation".

G. Prior Knowledge

Any liability arising out of incidents, circumstances or "wrongful employment acts" or "third party violations", which an "insured"

1. Had knowledge of; or
2. Could have reasonably foreseen might result in a "claim" or "suit"

and which were known to the "insured" prior to the effective date of this EPL Coverage or the first EPL Coverage issued by "us" of which this EPL Coverage is an uninterrupted renewal.

H. Prior Notice

Any liability arising out of the facts alleged, or to the same or "related wrongful employment acts" or "related third party violations" alleged or contained in any "claim" or "suit" which has been reported, or in any circumstances of which notice has been given, under any policy of which this EPL Coverage is a renewal or replacement or which it may succeed in time.

I. Prior Litigation

Any liability arising out of any prior

1. Litigation; or
2. Administrative or regulatory proceeding or investigation

of which an "insured" had notice, or alleging the same or "related wrongful employment acts" or "related third party violations" alleged or contained in such pending or prior litigation or administrative or regulatory proceeding or investigation which the "insured" had knowledge of prior to the effective date of this EPL Coverage or the first EPL Coverage issued by "us" of which this EPL Coverage is an uninterrupted renewal.

SECTION III. WHO IS AN INSURED

A. Individual

If "you" are shown in the Supplemental Declarations of this EPL Coverage as an individual, "you" and "your" spouse or "Domestic Partner" are "insureds", only for the conduct of a business of which "you" are the sole owner.

B. Corporation

If "you" are shown in the Supplemental Declarations of this EPL Coverage as a corporation or organization other than a partnership, joint venture, or limited liability company, "you" and "your" "subsidiaries" are "insureds".

C. Partnership or Joint Venture

If "you" are shown in the Supplemental Declarations of this EPL Coverage as a partnership or joint venture, "you" are an "insured". "Your" members, partners or co-venturers and their spouses or "Domestic Partners" are also "insureds", but only for the conduct of "your" business.

D. Limited Liability Company

If "you" are shown in the Supplemental Declarations of this EPL Coverage as a limited liability company, "you" are an "insured." "Your" members are also "insureds", but only with respect to the conduct of "your" business. "Your" managers are "insureds", but only with respect to their duties as "your" managers.

E. Trusts

If "you" are shown in the Supplemental Declarations of this EPL Coverage as a trust, "you" are an "insured". "Your" trustees are also "insureds", but only with respect to their duties as trustees.

F. "Employees"

"Your" "employees", executive officers and directors are "insureds", only for the conduct of "your" business within the scope of their employment or their duties as executive officers or directors.

G. Extensions

1. Subject otherwise to the terms hereof, this EPL Coverage shall cover "loss" arising from any "claims" or "suits" made against the estates, heirs, or legal representative of deceased individual "insureds", and the legal representatives of individual "insureds", in the event of incompetency, who were individual "insureds" at the time the "wrongful employment acts" or "third party violations", upon which such "claims" or "suits" are based, were committed.
2. Subject otherwise to the terms hereof, this EPL Coverage shall cover "loss" arising from all "claims" and "suits" made against the lawful spouse (whether such status is derived by reason of statutory law, common law or otherwise of any applicable jurisdiction in the world) or "Domestic Partner" of an individual "insured", including a "claim" or "suit" that seeks damages recoverable from marital community property, property jointly held by the individual "insured" and the spouse or "Domestic Partner", or property transferred from the individual "insured" to the spouse or "Domestic Partner"; provided, however, that this extension shall not afford coverage for a "claim" or "suit" arising out of any "wrongful employment act" or "third party violation" of the spouse or "Domestic Partner", but shall apply only to "claims" or "suits" arising out of any "wrongful employment acts" or "third party violations" of an individual "insured", subject to this EPL Coverage's terms, conditions and exclusions.

SECTION IV. LIMIT OF LIABILITY (including "defense costs")

- A. The EPL Aggregate Limit of Liability shown in the Supplemental Declarations of this EPL Coverage and the information contained in this section limits the most "we" shall pay for all "loss" (other than post-judgment interest described in Section I., Clause B., Paragraph 6.) arising out of "claims" and "suits" first made against "insureds" during the "EPL coverage period" or Extended Reporting Periods (if applicable), regardless of:
 1. The number of persons or organizations covered by this EPL Coverage; or
 2. The number of "claims" made or "suits" brought; or
 3. The length of the "EPL coverage period".
- B. The EPL Aggregate Limit of Liability is the most "we" shall pay for all "losses" (other than post-judgment interest described in Section I., Clause B., Paragraph 6.), including amounts incurred for "defense costs".
- C. The EPL Aggregate Limit of Liability for the Extended Reporting Periods (if applicable) shall be part of, and not in addition to the EPL Aggregate Limit of Liability for the "EPL coverage period".
- D. All "claims" and "suits" arising from the same or "related wrongful employment acts" or "related third party violations" shall be treated as arising out of a single "wrongful employment act" or "third party violation".
- E. All "claims" or "suits" arising out of one "wrongful employment act" or "third party violation" shall be deemed to be made on the date that the first such "claim" is made or "suit" is brought. All "claims" asserted in a "class action suit" will be treated as arising out of a single "wrongful employment act" or "third party violation".
- F. Any "claim" or "suit" which is made subsequent to the "EPL coverage period" or Extended Reporting Periods (if applicable) which, pursuant to Section VI., Clause D., Paragraphs 3. and 4. is considered made during the "EPL coverage period" or Extended Reporting Periods (if applicable), shall also be subject to the one EPL Aggregate Limit of Liability stated in the Supplemental Declarations of this EPL Coverage.

SECTION V. DEDUCTIBLE

"You" shall be responsible for the deductible amount shown in the Supplemental Declarations of this EPL Coverage with respect to each "claim" and "suit" and "you" may not insure against it. A single deductible amount shall apply to "loss" arising from all "claims" and "suits" alleging the same "wrongful employment act" or "third party violation" or "related wrongful employment acts" or "related third party violations". Expenses "we" incur in investigating, defending and settling "claims" and "suits" are included in the deductible. The deductible is not included within the EPL Aggregate Limit of Liability.

At our option, "we" may pay any part or all of the EPL Deductible Amount to effect settlement of any "claim" or "suit" and upon notification of the action taken, "you" shall promptly reimburse "us" for such part of the deductible that has been paid by "us".

SECTION VI. CONDITIONS

"We" have no duty to provide coverage under this EPL Coverage, unless there has been full compliance with all the Conditions contained in this EPL Coverage.

A. Assignment

The interest of any "insured" is not assignable. "You" cannot assign or transfer "your" interest in this EPL Coverage without "our" written consent attached to the EPL Coverage.

B. Bankruptcy or Insolvency

"Your" bankruptcy, insolvency or inability to pay, will not relieve "us" from the payment of any "claim" or "suit" covered by this EPL Coverage.

Under no circumstances will "your" bankruptcy, insolvency, or inability to pay require "us" to drop down, in any way replace, or assume any of "your" obligations with respect to the Deductible provisions of this EPL Coverage.

C. Coverage Territory

"We" cover "wrongful employment acts" or "third party violations" anywhere in the world, but only if the "claim" is made and the "suit" is brought for such "wrongful employment act" or "third party violation" in the United States of America, its territories and possessions, Puerto Rico, or Canada.

D. Duties in the Event of an Incident, "Claim" or "Suit"

1. If, during the "EPL coverage period", incidents or events occur which "you" reasonably believe may give rise to a "claim" or "suit" for which coverage may be provided hereunder, such belief being based upon either written notice from the potential claimant or the potential claimant's representative; or notice of a complaint filed with EEOC, DOL or OFCCP (or similar federal, state or local agency); or upon an oral "claim", allegation or threat, "you" shall give written notice to "us" as soon as practicable and either:
 - a. Anytime during the "EPL coverage period";
 - b. Anytime during the sixty (60) days immediately following the expiration of the "EPL coverage period", for "claims" first made or "suits" first brought during the "EPL Coverage Period", (as shown on the Supplemental Declarations) when this policy is renewed by "us"; or
 - c. Anytime during the Extended Reporting Periods (if applicable).
2. If a "claim" is made or a "suit" is brought against any "insured", "you" must:
 - a. Immediately record the specifics of the "claim" or "suit" and the date received; and
 - b. Provide "us" with written notice, as described in Paragraph 3. of this Clause D., as soon as practicable.
3. Such written notice of "claim" or "suit" shall contain:
 - a. The identity of the person(s) alleging a "wrongful employment act" or "third party violation";
 - b. The identity of the "insured(s)" who allegedly were involved in the incidents or events;
 - c. The date the alleged incidents or events took place; and
 - d. The written notice or a memorandum of the oral "claim", allegation or threat referred to above.

If written notice is given to "us" during the "EPL coverage period" or Extended Reporting Periods (if applicable), pursuant to the above requirements, then any "claim" or "suit" which is subsequently made against any "insureds" and reported to "us" alleging, arising out of, based upon or attributable to such circumstances or alleging any "related wrongful employment act" or "related third party violation" to such circumstances, shall be considered made at the time such notice of such circumstances was first given.

4. If "you" submit written notice of a "claim" or "suit", pursuant to this Clause D., then any "claim" or "suit" that may subsequently be made against an "insured" and reported to "us" alleging the same or a "related wrongful employment act" or the same or a "related third party violation" to the "claim" or "suit" for which such notice has been given shall be deemed, for the purpose of this insurance, to have been first made during the "EPL coverage period" or Extended Reporting Period (if applicable) in effect at the time such written notice was first submitted to "us".
5. "You" and any other "insured" must:
 - a. Immediately send "us" copies of any demands, notices, summonses or legal papers received in connection with any "claim" or "suit";
 - b. Authorize "us" to obtain records and other information;
 - c. Cooperate with "us" in the investigation, settlement or defense of the "claim" or "suit";
 - d. Assist "us", upon "our" request, in the enforcement of any right against any person or organization which may be liable to the "insured" because of injury or damage to which this insurance may also apply;
 - e. Not take any action, nor fail to take any required action, that prejudices the rights of the "insureds" or "us" with respect to such "claim" or "suit".
6. No "insureds" will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without "our" prior written consent.

E. Transfer of Rights of Recovery Against Others to "Us"

"You" may be able to recover all or part of a "loss" from someone other than "us". "You", therefore, shall do all that is possible after a "loss" to preserve any such right of recovery. If "we" make a payment under this EPL Coverage, that right of recovery shall belong to "us". "You" shall do whatever is necessary, including signing documents, to help "us" obtain that recovery.

F. Extended Reporting Periods

1. "You" shall have the right to the Extended Reporting Periods described in Paragraph 2 of this Clause F., in the event that:
 - a. "You" or "we" shall cancel this EPL Coverage;
 - b. "You" or "we" shall refuse to renew this EPL Coverage; or
 - c. "We" renew this EPL Coverage on an other than a claims-made basis or with a Retroactive Date later than the Retroactive Date shown on the Supplemental Declarations of this EPL Coverage.
2. If an event as specified in Paragraph 1. of this Clause F. has occurred, "you" shall have the right to the following:
 - a. An Automatic Extended Reporting Period of thirty (30) days after the effective date of cancellation or nonrenewal at no additional premium in which to give to "us" written notice of "claims" first made or "suits" first brought against the "insureds" during said Automatic Extended Reporting Period for any "wrongful employment acts" or "third party violations" occurring before the end of the "EPL coverage period" and are otherwise covered by this EPL Coverage; and
 - b. Upon payment of an additional premium of 100% of the full annual premium applicable to this EPL Coverage, a Supplemental Extended Reporting Period of one (1) year immediately following the effective date of cancellation or nonrenewal in which to give to "us" written notice of "claims" first made or "suits" first brought against the "insureds" during said Supplemental Extended Reporting Period for any "wrongful employment acts" or "third party violations" occurring before the end of the "EPL coverage period" and are otherwise covered by this EPL Coverage.

To obtain the Supplemental Extended Reporting Period, "you" must request it in writing and pay the additional premium due, within thirty (30) days of the effective date of cancellation or nonrenewal. The additional premium for the Supplemental Extended Reporting Period shall be fully earned at the inception of the Supplemental Extended Reporting Period. If "we" do not receive the written request as required, "you" may not exercise this right at a later date.

This insurance, provided during the Supplemental Extended Reporting Period, is excess over any other valid and collectible insurance that begins or continues in effect after the Supplemental Extended Reporting Period becomes effective, whether the other insurance applies on a primary, excess, contingent, or any other basis.

G. Change in Control of "Named Insured"

In the event of a "transaction" then this EPL Coverage shall continue in full force and effect as to "wrongful employment acts" or "third party violations" occurring prior to the effective time of the "transaction", but there shall be no coverage afforded by any provision of this EPL Coverage for any actual or alleged "wrongful employment acts" or "third party violations" occurring after the effective time of the "transaction". This EPL Coverage may not be cancelled after the effective time of the "transaction" and the entire premium for this EPL Coverage shall be deemed earned as of such time. "You" shall also have the right to the Extended Reporting Periods described in Clause **F.** of this Section **VI.**

"You" shall give "us" written notice of the "transaction" as soon as practicable, but not later than thirty (30) days after the effective date of the "transaction".

H. Legal Action Against "Us"

No person or organization has the right to join "us" as a party or otherwise bring "us" into a "suit" asking for damages from an "insured".

I. Other Insurance

Unless expressly written to be excess over other applicable insurance, it is intended that the insurance provided by this EPL Coverage shall be primary.

J. EPL Coverage Changes

This EPL Coverage contains all the agreements between "you" and "us" concerning this insurance. The first "named insured" in the Supplemental Declarations of this EPL Coverage is authorized to request changes in this EPL Coverage. This EPL Coverage can only be changed by a written endorsement "we" issue and make part of this EPL Coverage.

K. Representations

Any and all relevant provisions of this EPL Coverage may be voidable by "us" in any case of fraud, intentional concealment, or misrepresentation of material fact by any "insured".

L. Special Rights and Duties of the First "Named Insured"

"You" agree that when there is more than one person and/or entity covered under this EPL Coverage, the first "named insured" in the Supplemental Declarations of this EPL Coverage shall act on behalf of all "insureds" as to:

1. Giving of notice of a "claim" or "suit";
2. Giving and receiving notice of cancellation or nonrenewal;
3. Payment of premiums and receipt of return premiums;
4. Acceptance of any endorsements issued to form a part of this EPL Coverage; or
5. Purchasing or deciding not to purchase the Supplemental Extended Reporting Period.

M. Separation of Insureds

Except with respect to the EPL Aggregate Limit of Liability and any rights or duties specifically assigned to the first "named insured" in Clause **L.** of this Section **VI.**, this insurance applies:

1. As if each "named insured" were the only "named insured"; and
2. Separately to each insured against whom a "claim" or "suit" is made.

N. Tie-In of Limits

As respects any "claim" or "suit" in which at least one person/entity claimed against is an "insured" under this EPL Coverage and at least one person/entity claimed against is an insured under any other EPL Coverage issued to "you" by "us" (the "Other Policy"), the combined EPL Aggregate Limit of Liability under both this EPL Coverage and the Other Policy for all "losses" arising from such "claims" or "suits" combined shall not exceed the highest applicable limit of insurance under either this EPL Coverage or the Other Policy. This limitation shall apply even if both this EPL Coverage and the Other Policy have been triggered due to a "claim" or "suit" made against the same person/entity but alleging "wrongful employment acts" or "third party violations" both in his, her or its capacity as an insured under the "Other policy" and as an "insured" under this EPL Coverage.

O. Headings

The descriptions in the headings of this EPL Coverage are solely for convenience, and form no part of the terms and conditions of coverage.

SECTION VII. DEFINITIONS

- A.** "Applicant(s) for employment" means individual(s) who have applied or interviewed for a position of employment where work will be performed for, and completed under the direction of, the "named insured".
- B.** "Bodily injury" means physical injury, sickness, or disease, including death resulting therefrom.
- C.** "Claim" means a written demand for monetary and non-monetary relief (including any request to toll or waive any statute of limitations). The term "claim" shall also mean an Equal Employment Opportunity Commission (EEOC), Department of Labor (DOL) or Office of Federal Contract Compliance Program (OFCCP) (or similar federal, state or local agency) proceeding or investigation commenced by the filing of a notice of charges, service of a complaint or similar document of which notice has been given to "you". However, in no event, shall the term "claim" include any labor or grievance proceeding, which is subject to a collective bargaining agreement.
- D.** "Class action suit" means any suit seeking certification or certified as a class action by a federal or state court.
- E.** "Defense costs" means reasonable and necessary fees, costs and expenses consented to by "us" resulting solely from the investigation, adjustment, defense and appeal of a "claim" or "suit" against "you". In no event shall "defense costs" include "your" or "our" routine on-going expenses, including, without limitation, the salaries of "your" or "our" "employees", officers or staff attorneys.
- F.** "Domestic partner" means any natural person legally recognized as a domestic or civil union partner under:
 - 1. The provisions of any applicable federal, state or local law; or
 - 2. The provisions of any formal program established by "you".
- G.** "Employee" means an individual whose labor or service is engaged by and directed by "you" for remuneration, whether such individual is in a supervisory, co-worker or subordinate position or otherwise, including any part-time, seasonal, and temporary "employees".

An individual who is an independent contractor or leased to "you" shall also be an "employee". Independent contractors who do not provide on-going and routine services solely for "you" shall not be considered "employees", including but not limited to independent trade contractors (e.g. plumber, electrician).
- H.** "EPL coverage period" means the period commencing on the effective date shown in the Supplemental Declarations of this EPL Coverage. This period ends on the earlier of the expiration date or the effective date of cancellation of this EPL Coverage. If "you" became an "insured" under this EPL Coverage after the effective date, the "EPL coverage period" begins on the date "you" became an "insured".
- I.** "Loss(es)" means monetary amounts to which this insurance applies and which "you" are legally obligated to pay (including front pay and back pay), judgments, settlements, pre- and post-judgment interest on that part of any judgment paid by "us", statutory attorney fees, and "defense costs"; however, "loss" shall not include:
 - 1. Civil or criminal fines or penalties imposed by law;
 - 2. Taxes;
 - 3. Employment related benefits, stock options, perquisites, deferred compensation or any other type of compensation other than salary, wages or bonus compensation;

4. Any liability or costs incurred by any "insured" to modify any building or property in order to make said building or property more accessible or accommodating to any disabled person, or any liability or costs incurred in connection with any educational, sensitivity or other corporate program, policy or seminar; or
5. Matters which may be deemed uninsurable under the law pursuant to which this EPL Coverage shall be construed.

Where permitted by law, "loss" shall include punitive or exemplary damages imposed upon any "insured" (subject to the policy's other terms, conditions and exclusions).

- J. "Named insured" means the person or organization designated in the Supplemental Declarations page of this EPL Coverage.
- K. "Property damage" means physical injury to, or destruction of, tangible property including the loss of use thereof, or loss of use of tangible property, which has not been physically injured or destroyed.
- L. "Recognized volunteer" means an uncompensated individual who volunteers labor or services to "you", but only when performing such labor or services at the request of and under the direction of "you".
- M. "Related wrongful employment act(s)" means "wrongful employment acts" which are the same, related or continuous, or "wrongful employment acts" which arise from a common nucleus of facts. "Claims" or "suits" can allege "related wrongful employment acts", regardless of whether such "claims" or "suits" involve the same or different claimants, "insureds" or legal causes of actions.
- N. "Related third party violation(s)" means "third party violation(s)" which are the same, related or continuous, or "third party violation(s)" which arise from a common nucleus of facts. "Claims" or "suits" can allege "related third party violations", regardless of whether such "claims" or "suits" involve the same or different claimants, "insureds" or legal causes of actions.
- O. "Retaliation" means a "wrongful employment act" of an "insured" alleged to be in response to the actual or attempted exercise by an "employee" of any right that such "employee" has under the law.

P. "Subsidiary" means:

1. Any for-profit organization which, on or before the inception of the "EPL coverage period", is more than fifty (50%) percent owned by the "named insured", either directly or indirectly through one or more of its "subsidiaries"; or
2. A for-profit organization which becomes a "subsidiary" during the "EPL coverage period", but only upon the condition that within ninety (90) days of its becoming a "subsidiary", the "named insured" shall have provided "us" with full particulars of the new "subsidiary" and agreed to any additional premium or amendment of the provisions of this EPL Coverage required by "us" relating to such new "subsidiary". Further, coverage as shall be afforded to the new "subsidiary" is conditioned upon the "named insured" paying when due any additional premium required by "us" relating to such new "subsidiary".

An organization becomes a "subsidiary" when the "named insured" owns more than fifty (50%) percent ownership interest in such "subsidiary", either directly, or indirectly through one or more of its "subsidiaries". An organization ceases to be a "subsidiary" when the "named insured" ceases to own more than a fifty (50%) percent ownership in such "subsidiary", either directly, or indirectly through one or more of its "subsidiaries".

In all events, coverage as is afforded under this EPL Coverage with respect to a "claim" made or "suit" brought against any "subsidiary" or an "insured" of any "subsidiary", shall only apply to "wrongful employment act(s)" or "third party violation(s)" commenced or allegedly commenced after the effective time that such "subsidiary" became a "subsidiary", and prior to the time that such "subsidiary" ceased to be a "subsidiary".

- Q. "Suit" means a civil proceeding or an administrative proceeding seeking money damages, and includes an arbitration, mediation or any other alternative dispute resolution procedure seeking such damages, to which the "insured" must submit or may submit with "our" consent. "Suit" shall not include any civil proceeding or administrative proceeding arising from any labor or grievance dispute which is subject to a collective bargaining agreement.
- R. "Third party violation" means any actual or alleged discrimination or sexual harassment against "your" clients, customers, tenants, or vendors. "Third party violation" shall also include any of the following as it relates to such discrimination or sexual harassment:

1. Violation of an individual's civil rights;
 2. Libel;
 3. Slander;
 4. Humiliation;
 5. Mental anguish;
 6. Infliction of emotional distress;
 7. Defamation;
 8. Invasion of privacy; or
 9. Any discrimination arising out of Title III of the Americans With Disabilities Act of 1990.
- S. "Transaction" means any of the following that occur during the "EPL coverage period":
1. The "named insured" shall consolidate with or merge into, or sell all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert; or
 2. Any person or entity or group of persons or entities acting in concert shall acquire an amount of the outstanding securities representing more than fifty (50%) percent of the voting power for the election of directors or General Partners of the "named insured" (in the event the "named insured" is a Partnership), or acquires the voting rights of such an amount of such securities; or
 3. A General Partner of the "named insured" (in the event the "named insured" is a partnership) withdraws, resigns or is terminated.
- T. "Wrongful employment act(s)" means any actual or alleged:
1. Wrongful dismissal, discharge or termination (either actual or constructive), including breach of an implied contract;
 2. Harassment or coercion (including sexual harassment, whether quid pro quo, hostile work environment or otherwise);
 3. Discrimination (including but not limited to discrimination based upon age, gender, race, color, national origin, religion, sexual orientation or preference, pregnancy, disability, or violation of Title III of the Americans With Disabilities Act of 1990);
 4. "Retaliation" (including lockouts);
 5. Employment-related misrepresentation(s) to "your" "employee" or "applicant for employment" with "you";
 6. Employment-related libel, slander, humiliation, mental anguish, infliction of emotional distress, defamation, or invasion of privacy;
 7. Wrongful failure to employ or promote;
 8. Wrongful deprivation of career opportunity, wrongful demotion or negligent "employee" evaluation, including the giving of negative or defamatory statements in connection with an "employee" reference;
 9. Wrongful discipline;
 10. Failure to provide or enforce adequate or consistent corporate policies and procedures relating to any "wrongful employment act" or "third party violations";
 11. Negligent supervision or hiring by an "insured", relating to any of the above; or
 12. Violation of an individual's civil rights relating to any of the above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LEAD LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusion applies to **SECTION II – LIABILITY** and supersedes any provision to the contrary:

Lead Liability

This insurance does not apply to any liability, loss, cost or expense:

- (1)** For injury or damage arising out of the actual, alleged or threatened ingestion, inhalation or absorption of lead into a person;
- (2)** For damage to, loss of use of, or reduction in the value of a building or any property due to the actual or alleged presence of lead;
- (3)** Arising out of the removal or Abatement of lead from any building or from any property;
- (4)** Arising out of the encapsulation or containment of lead within a building;
- (5)** Arising out of any request, demand or order that any insured or other test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of lead; or
- (6)** Arising out of any claim or suit by or on behalf of a government 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 effect of lead.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESSOWNERS PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

With respect to the following Coverage Extensions, we will pay up to the Businessowners Plus Blanket limit shown on the Declaration for loss or damage caused by a covered cause of loss.

You may apply the Blanket limit to one or any combination of these Coverage Extensions except for coverages with Sub-Limits, but under no circumstances will the aggregate apportionment be permitted to exceed the Blanket Limit of Insurance shown on the declaration for any one location.

Where there is a Sub-Limit stated for coverage on the Businessowners Plus Endorsement that Sub-Limit will be the only limit paid for that coverage for any one location and does not increase the Annual Aggregate limit of Insurance for this endorsement.

Coverages with Sub-Limits and Blanket Limit are excess over Limits of Insurance stated in the Businessowners Policy, or provided by endorsement. If such coverage limits are not stated within the Businessowners Policy or provided by endorsement, the Blanket Limit and Sub-Limits then becomes primary for the following Coverages.

ACCOUNTS RECEIVABLE

1. You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:
 - a. All amounts due from your customers that you are unable to collect, including sums you are unable to collect as a direct result of loss or damage to credit card slips;
 - b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - c. Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
 - d. Other reasonable expenses that you incur to reestablish your records of accounts receivable; that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.

2. For accounts receivable not at the described premises, the most we will pay is \$2,500.
3. Paragraph **B. EXCLUSIONS** of **Section I — Property** of the BUSINESSOWNERS COVERAGE FORM does not apply to this Coverage Extension except for:
 - a. Paragraph **B.1.c.**, Governmental Action;
 - b. Paragraph **B.1.d.**, Nuclear Hazard;
 - c. Paragraph **B.1.f.**, War and Military Action;
 - d. Paragraph **B.2.f.**, Dishonesty;
 - e. Paragraph **B.2.g.**, False Pretense;
 - f. Paragraph **B.3.**; and
 - g. Paragraph **B.6.**, Accounts Receivable Exclusion.

OUTDOOR SIGNS

We will pay for loss or damage to any outdoor sign permanently fixed in place as a result of a Covered Cause of Loss.

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 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 Coverage Extension.

FIRE EXTINGUISHER RECHARGE EXPENSE

We will pay for expenses you incur for the recharging of fire extinguishers or fire extinguishing systems when used to fight fire on your premises or adjacent premises.

FIRE PROTECTIVE DEVICES

We will pay for costs incurred to recharge or refill fire protective devices that are permanently installed in building at the insured premises. This Coverage Extension applies when such devices have been discharged by accident or in the course of their intended use to protect Covered Property from a covered cause of loss. Coverage does not apply to periodic recharge or refilling.

MINICOMPUTER

1. We will pay for loss or damage to "covered property" from any of the "covered causes of loss".

"Covered property" means electronic data processing equipment, its component parts, data and media which are:

- a. Owned by you; or
 - b. Leased, rented or under your control and for which you are legally liable.
2. "Covered property" does not include:
 - a. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or similar documents. However, we will pay for loss to these items when in data form. This coverage is subject to paragraph 2.c. below.
 - b. Property rented or leased to others while away from your premises;
 - c. Any data or media which cannot be replaced with other of like kind and quality;
 - d. Contraband, or property in the course of illegal transportation or trade;

- e. Your stock in trade.

3. "Covered causes of loss" means those causes of loss listed in **Section I — Property**, paragraph **A.3., Covered Causes of Loss**, in the BUSINESS-OWNERS COVERAGE FORM, except those causes of loss listed in Paragraph 6., Exclusions below. Paragraph **A.4., Limitations**, of **Section I — Property** in the BUSINESSOWNERS COVERAGE FORM does not apply to this coverage.

4. Additional Coverage — Collapse:

- a. This Minicomputer Coverage is subject to Paragraph **A.5.d. Collapse** in **Section I — Property** in the BUSINESSOWNERS COVERAGE FORM.
- b. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to "covered property" caused by a collapse of personal property only the personal property which collapses is inside a building insured under this policy.
- c. Collapse does not include settling, cracking, shrinkage, bulging or expansion.

5. The following paragraphs apply to this Minicomputer Coverage Extension.

- a. The actual and necessary Extra Expense you sustain due to direct physical loss to Covered Property as a result of a Covered Cause of Loss. Extra Expenses means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss to Covered Property.
- b. 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.
- c. We will pay for loss to Covered Property resulting from a Covered Cause of Loss while the property is in transit or at a temporary location. Payments made under this Paragraph 5. are part of, not in addition to, the Businessowners Plus Blanket Limit shown on the Declarations.

6. Exclusions.

- a. Section **B. EXCLUSIONS**, of the Businessowners Coverage Form does not apply to this Coverage Extension, except for:
 - (1) Paragraph **B.1.c.**, Governmental Action;
 - (2) Paragraph **B.1.d.**, Nuclear Hazard;
 - (3) Paragraph **B.1.f.**, War and Military Action.

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

(1) Faulty workmanship or material or error or omission in design of the Covered Property. However:

(a) If loss or damage by fire or explosion results, we will pay for that resulting loss or damage;

(b) We will pay for resulting damage or expense for data or media;

(c) We will pay for the resulting loss or damage to data processing equipment.

(2) Any quality in the property that causes it to damage or destroy itself, wear and tear, insects, gradual deterioration or depreciation;

(3) Dishonest acts by you, anyone else with an interest in the property, or any of your or their partners, employees, directors, trustees, authorized representatives, or anyone to whom you entrust the property for any purpose:

(a) Acting alone or in collusion with others;

(b) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

(4) Dryness or dampness of atmosphere, extremes of temperature, corrosion, or rust unless directly resulting from loss to the data processing system's heating or air conditioning facilities caused by a Covered Cause of Loss;

(5) Actual work upon the Covered Property. However:

(a) If loss or damage by fire or explosion results, we will pay for that resulting loss or damage to the data or media;

(b) We will pay for the resulting loss or damage to data processing equipment.

(6) Error in machine programming or instructions to the machine;

(7) The enforcement of any state or municipal law or ordinance unless such liability is specifically assumed elsewhere in this Coverage Extension.

(8) Delay, loss of profit, loss of use or loss of market;

(9) Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense;

(10) Unauthorized instructions to transfer property to any person or to any place.

7. The value of the Covered Property will be determined as follows:

a. Equipment will be valued per the Loss Payment Condition, item 5.d. of section E. **Property Loss Conditions**;

b. Data at the actual cost of reproducing the data. If data is not replaced or reproduced, then the cost of blank media;

c. Media at the actual cost to repair or replace the property with material of like kind and quality.

VALUABLE PAPERS AND RECORDS

1. You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research lost information on "valuable papers and records" for which duplicates do not exist.

2. This Coverage Extension does not apply to:

a. Property held as samples or for delivery after sale;

b. Property in storage away from the premises shown in the Declarations.

3. For "valuable papers and records" not at the described premises, the most we will pay is \$2,500.

4. Section **B. EXCLUSIONS** of the BUSINESSOWNERS COVERAGE FORM does not apply to this Coverage Extension except for:

a. Paragraph **B.1.c.**, Governmental Action;

b. Paragraph **B.1.d.**, Nuclear Hazard;

- c. Paragraph **B.1.f.**, War and Military Action;
- d. Paragraph **B.2.f.**, Dishonesty;
- e. Paragraph **B.2.g.**, False Pretense;
- f. Paragraph **B.3.**; and
- g. Paragraph **B.6.**, Accounts Receivable and "Valuable Papers and Records" Exclusions.

ARSON REWARD

We will pay up to \$10,000 for information which leads to an arson conviction in connection with a fire loss covered under this policy. Regardless of the number of persons involved in providing information, our liability under this Coverage Extension shall not be increased.

BUSINESS INCOME FROM DEPENDENT PROPERTIES

1. We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property caused by or resulting from any Covered Cause of Loss.

However, this Coverage Extension does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Coverage Extension will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Coverage Extension is \$25,000.

2. We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
 - a. Source of materials; or
 - b. Outlet for your products.
3. 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. Dependent property means property owned by others whom you depend on to:
 - a. Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;
 - b. Accept your products or services;

- c. Manufacture your products for delivery to your customers under contract for sale; or
- d. Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.

5. The coverage period for Business Income under this Coverage Extension:
 - a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
 - b. Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

6. The Business Income coverage period, as stated in Paragraph 5., does not include any increased period required due to the enforcement of any ordinance or law that:
 - a. Regulates the construction, use or repair, or requires the tearing down of any property; or
 - b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not reduce the Business Income coverage period.

7. The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

COST OF PREPARING INVENTORY

If Covered Business Personal Property is lost or damaged as a result of a Covered Cause of Loss and we request that you provide a completed physical and book inventory of the damaged and undamaged property to prove the amount of the loss, we will reimburse you up to \$5,000 for your necessary and reasonable expenses to prepare that inventory.

EMPLOYEE DISHONESTY

1. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - a. Cause you to sustain loss or damage; and also

- b. Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (1) Any "employee"; or
 - (2) Any other person or organization.
- 2. We will not pay for loss or damage:
 - a. Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
 - b. Resulting from any dishonest act committed by any of your "employees" (except as provided in Paragraph a.), "managers" or directors:
 - (1) Whether acting alone or in collusion with other persons; or
 - (2) While performing services for you or otherwise.
 - c. The only proof of which as to its existence or amount is:
 - (1) An inventory computation; or
 - (2) A profit and loss computation.
- 3. All loss or damage:
 - a. Caused by one or more persons; or
 - b. Involving a single act or series of acts; is considered one occurrence.

The most we will pay for loss or damage in any one occurrence is \$15,000.
- 4. If any loss is covered:
 - a. Partly by this insurance; and
 - b. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

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

We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- 5. This Coverage Extension is cancelled as to any "employee" immediately upon discovery by:
 - a. You; or
 - b. Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";
- of any dishonest act committed by that "employee" before or after being hired by you.
- 6. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.
- 7. If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay, provided:
 - a. This Coverage Extension became effective at the time of cancellation or termination of the prior insurance; and
 - b. The loss or damage would have been covered by this Coverage Extension had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- 8. The insurance under Paragraph 7. above is part of, not in addition to, the Limit of Insurance apply to this Coverage Extension and is limited to the lesser of the amount recoverable under
 - (1) This Coverage Extension as of its effective date; or
 - (2) The prior insurance had it remained in effect.
- 9. With respect to this Coverage Extension, "employee" means:
 - a. Any natural person:
 - (1) While in your service or for 30 days after termination of service;
 - (2) Who you compensate directly by salary, wages or commissions; and
 - (3) Who you have the right to direct and control while performing services for you;
 - b. Any natural person who is furnished temporarily to you:
 - (1) To substitute for a permanent employee as defined in Paragraph a. above, who is on leave; or
 - (2) To meet seasonal or short-term work load conditions;
 - c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph b. above;

- d. Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or
- e. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But "employee" does not mean:

- a. Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- b. Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

NEW LOCATIONS COVERAGE

1. You may extend the coverage that applies under this Businessowners Plus endorsement to apply to any premises you acquire.
2. Insurance under this Coverage Extension for each newly acquired premises will end when any of the following first occurs:
 - a. This policy expires;
 - b. 90 days expire after you acquire or begin construction at the new premises; or
 - c. You report values to us.

This coverage does not apply to locations covered by the Builders Risk Coverage Endorsement.

FAIRS OR EXHIBITIONS

We will pay up to \$15,000 for loss or damage to Business Personal Property while temporarily on display to the public at fairs or exhibitions on premises not described in the Declarations. This Coverage Extension does not apply to your salespersons samples or fine arts.

FINE ARTS

We will pay up to \$25,000 for loss or damage to paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art of rarity, historical value, or artistic merit, other than fine arts held for sale by you, caused by or resulting from a Covered Cause of Loss.

FORGERY OR ALTERATION

1. We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
2. If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
3. For the purpose of this Coverage Extension, check includes a substitute check as defined in the Check Clearing for the 21st Century Act, and will be treated the same as the original it replaced.
4. The most we will pay for any loss, including legal expenses, under this Coverage Extension is \$5,000.

IDENTITY THEFT

1. We will pay up to \$50,000 for "Identity Theft Expenses" incurred by an "Identity Theft Insured" as the direct result of any "Identity Theft" commenced during the policy period.
2. Any act or series of acts committed by one or more persons, or in which such person or persons are aiding or abetting others against an "Identity Theft Insured."
3. With respect to the provisions of this Coverage Extension, the following definitions are added.
 - a. "Identity Theft Expenses" means the following:
 - (1) Cost for notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies,
 - (2) Cost for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors,
 - (3) Lost wages as a result of time taken off from work to meet with, or talk to, law enforcement agencies and /or legal counsel, or to complete fraud affidavits, up to a maximum payment of \$1,000 per week for a maximum period of four weeks,

- (4) Loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information,
 - (5) Reasonable attorney fees incurred, with our prior consent for:
 - (a) Defense of lawsuits brought against an "Identity Theft Insured" by merchants, financial institutions or their collection agencies.
 - (b) The removal of any criminal or civil judgments wrongly entered against an "Identity Theft Insured", and
 - (c) Challenging the accuracy or completeness of any information in a consumer credit report.
 - (6) Charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors, or credit agencies to report or discuss an actual "Identity Theft".
- b. "Identity Theft" means:
- The act of knowingly transferring or using, without lawful authority, a means of identification of an "Identity Theft Insured" with the intent to commit, any unlawful activity that constitutes a violation of federal law or any applicable state or local law.
- c. "Identity Theft Insured" means:
- (1) The Named Insured shown in the Policy Declarations,
 - (2) An individual sole proprietor if you are a sole proprietorship,
 - (3) A partner if you are a partnership, or
 - (4) Any individual having an ownership position of 20% or more of the business if you are a corporation, Limited Liability Company, or other organization.
4. We will not pay for:
- a. "Identity Theft Expenses" incurred due to any fraudulent, dishonest or criminal act by an "Identity Theft Insured" or any person aiding or abetting an "Identity Theft Insured" or by any authorized representative of an "Identity Theft Insured" whether acting alone or in collusion with others.
 - b. "Identity Theft Expenses" incurred due to any fraudulent, dishonest or criminal act by an "Identity Theft Insured" or any person aiding or abetting an "Identity Theft Insured" or by any authorized representative of an "Identity Theft Insured" whether acting alone or in collusion with others.
5. The following condition applies in addition to the Common Policy Conditions:
- Duties in the Event of an Identity Theft Expense Loss**
- You must provide receipts, bills or other records that support your claim for "Identity Theft Expenses" under Identity Theft Coverage.
- When Identity Theft Coverage applies, no other coverage in the policy applies to the "Identity Theft Expenses" insured by this Coverage Extension.
- No deductible applies to this Coverage Extension.

INCREASED COST OF CONSTRUCTION

Paragraph A.5.I., Increased Cost of Construction, of **Section I — Property**, Additional Coverages in the BUSINESSOWNERS COVERAGE FORM is deleted and replaced by the following:

1. This Coverage Extension applies only to buildings insured on a replacement cost basis.
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 Paragraphs 3. through 9. of this Coverage Extension.
3. The ordinance or law referred to in Paragraph 2. of this Coverage Extension 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 Coverage Extension, 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 Coverage Extension, we will not pay for:
 - a. The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria; or
 - b. Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.
6. The most we will pay under this Coverage Extension, for each described building insured under **Section I — Property**, is \$25,000. If a damaged building(s) 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 each damaged building, is \$25,000.
7. With respect to this Coverage Extension:
 - a. We will not pay for the Increased Cost of Construction:
 - (1) Until the property is actually repaired or replaced, at the same or another premises; and
 - (2) 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 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 is the increased cost of construction at the new premises.
8. This Coverage Extension 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 Coverage Extension.

9. The costs addressed in the Loss Payment Property Loss Condition in **Section I — Property** do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Coverage Extension, as stated in Paragraph 6. of this Coverage Extension, is not subject to such limitation.

KEY REPLACEMENT/LOCK REPAIR

We will pay for loss or damage, caused by or resulting from a covered theft loss for the cost incurred for:

1. Replacement of keys if they are stolen; or
2. Lock repair.

The most we will pay under this Coverage Extension is \$10,000.

MONEY AND SECURITIES

1. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
 - a. Theft, meaning any act of stealing;
 - b. Disappearance; or
 - c. Destruction.
2. In addition to the Limitations and Exclusions applicable to **Section I — Property**, we will not pay for loss:
 - a. Resulting from accounting or arithmetical errors or omissions;
 - b. Due to the giving or surrendering of property in any exchange or purchase; or
 - c. Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
3. The most we will pay for loss in any one occurrence is \$25,000.
4. All loss:
 - a. Caused by one or more persons; or
 - b. Involving a single act or series of related acts; is considered one occurrence.
5. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

MONEY ORDERS AND "COUNTERFEIT MONEY"

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

1. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
2. "Counterfeit money" that is acquired during the regular course of business.

The most we will pay for any loss under this Coverage Extension is \$2,500.

POWER FAILURE

We will pay for direct loss of or damage to Covered Property caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a covered Cause of Loss to the following property not on the described premises:

1. Utility generating plants
2. Switching stations
3. Substations
4. Transformers; and transmission lines
5. Water mains
6. Communication transmission lines
7. Coaxial cables; and microwave radio relays except satellites.

It does not include overhead communication lines.

The most we will pay for direct loss or damage to Covered Property under this Coverage Extension is \$100,000.

POWER FAILURE BUSINESS INCOME OR EXTRA EXPENSE

We will pay for loss of Business Income or Extra Expense at the insured Premises caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a covered Cause of Loss to the following property not on the described premises:

1. Utility generating Plants
2. Switching Stations
3. Sub-Stations
4. Transformers and Transmission Lines.
5. Water Mains
6. Communication Transmission Lines

7. Coaxial cables; and Microwave radio relays except satellites.

OUTDOOR PROPERTY

You may extend the insurance provided by this policy to apply to your radio and television antennas (including satellite dishes), trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss:

1. Fire;
2. Lightning;
3. Explosion;
4. Windstorm or Hail, but not including:
 - a. Frost or cold weather,
 - b. Ice (other than hail), snow or sleet, whether driven by wind or not;
 - c. Loss to property inside the building, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.
5. Aircraft or Vehicles, meaning only physical contact of an aircraft, a spacecraft, a self-propelled missile, a vehicle or an object thrown up by a vehicle with the Covered Property. This cause of loss includes loss or damage by falling objects from aircraft. We will not pay for loss or damage caused by or resulting from vehicles you own or which are operated in the course of your business;
6. Riot or Civil Commotion;
7. Vandalism, meaning willful and malicious damage to, or destruction of Covered Property; or
8. Theft.

The most we will pay for loss or damage under this Coverage Extension is \$25,000, but not any more than \$5,000 for any one tree, shrub or plant.

PERSONAL EFFECTS

We will pay for loss or damage to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees. This Coverage Extension does not apply to:

1. Tools or equipment used in your business; or
2. Loss or damage by theft.

The most we will pay for loss or damage under this Coverage Extension is \$5,000.

PERSONAL PROPERTY OFF PREMISES

You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Coverage Extension is \$15,000.

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 Coverage Extension 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 for each location under this Coverage Extension is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy

SALESPERSON'S SAMPLES

We will pay up to \$10,000 for loss or damage to:

1. Samples of your stock in trade; and
2. Similar property of others;

While such property is in the care, custody or control of your salesperson, sales agents, or yourself while acting as a salesperson and not on the premises you own, lease or operate.

Coverage does not apply to property on display at any fair or exhibition or to fine arts.

BUILDING PROPERTY OFF PREMISES

You may extend the insurance that applies to Buildings to cover loss or damage to Covered Property while the Covered Property is removed from the described premises.

The most we will pay under this Coverage Extension is \$5,000.

NOTICE OF TERRORISM INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, **as defined in Section 102(1) of the Act**: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been 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. Your quote/policy includes the following premium for terrorism coverage:

Terrorism Premium: \$0

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED ABOVE AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — SUNLAMPS AND TANNING BEDS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph

B.1. — Exclusions, in Section II — Liability:

This insurance does not apply to "bodily injury", "property damage", "personal and advertising injury" arising from the use of sunlamps or tanning beds.

It is also agreed that the right and duty to defend as afforded by the policy does not apply to any claim or suit against the insured seeking damages resulting from "bodily injury", "property damage" and "personal and advertising injury" arising from the use of sunlamps or tanning beds.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTANTS DEFINITION AMENDMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SECTION I — PROPERTY, H. Property Definitions,

10. "Pollutants", is replaced by the following:

- 10. "Pollutants"** means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor soot, fumes, acids, alkalis, radiation or radioactive contamination, dioxins, polychlorinated biphenols, pathogenic or poisonous biological or chemical materials and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESSOWNERS ENHANCEMENT FORM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. SECTION I – PROPERTY, A. Coverage, 1. Covered Property, Paragraphs **a.** and **b.** are replaced by the following:

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
 - (2) Fixtures, including outdoor fixtures;
 - (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
 - (4) Your personal property in apartments rooms or common areas furnished by you as landlord;
 - (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (6) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the buildings or structures;
 - (b) Materials, equipment, supplies and temporary structures, on or within 1,500 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.
- b.** Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,500 feet of the described premises, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition paragraph **E.5.d.(3)(b)**;
- (3) Tenant's 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;
- (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under paragraph **1.b.(2)**; and
- (5) Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

B. SECTION I – PROPERTY, A. Coverage, 5. Additional Coverages, f. Business Income, (1) Business Income, Paragraph **(a)** is replaced by the following:

- (a) 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 the described premises. 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 1,500 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:

- (i) The portion of the building which you rent, lease or occupy; and
- (ii) The area within 1500 feet of the building or within 1500 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (iii) 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.

C. SECTION I – PROPERTY, A. Coverage, 6. Coverage Extensions is revised as follows:

6. Coverage Extensions

In addition to the Limits of Insurance of Section I — Property, you may extend the insurance provided by this policy as provided below.

Except as otherwise provided, the following extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,500 feet of the described premises, unless a higher Limit of Insurance is shown in the Declarations.

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Buildings, 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 premises other than the one described, 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 \$1,000,000 at each building.

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

- (a) Business Personal Property, including such property that you newly acquire, at any location you acquire; or
- (b) 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.

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

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

(3) Period Of Coverage

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

- (a) This policy expires;
- (b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

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

This coverage does not apply to locations covered by the Builders Risk Coverage Endorsement.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED — WHEN REQUIRED BY WRITTEN AGREEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Paragraph C. Who is an insured in Section II — Liability

- A.** Is amended to include as an additional insured any person or organization when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions or the acts or omissions of those acting on your behalf:
1. In the performance of your ongoing operations; or
 2. In connection with your premises owned or rented to you.

- B.** The limits of insurance applicable to the additional Insured are those specified in the Declarations of this Policy or in the written contract, whichever is lower. These limits of insurance are inclusive of and not in addition to the limits of insurance shown in the Declarations.

- C.** Any coverage provided hereunder shall be excess over any other valid and collectible insurance available to the additional insured whether that insurance is primary, excess, contingent or on any other basis, unless you and the additional insured have specifically agreed in a written contract or written agreement that this insurance be primary.

When coverage is provided on a primary basis we will not seek contribution from any other insurance available to the additional insured if a written contract or written agreement requires that this insurance be noncontributory.

- D.** All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ASBESTOS EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusion applies to **SECTION II – LIABILITY** and supersedes any provision to the contrary:

Asbestos

This insurance does not apply to:

- (1)** "Bodily injury", "property damage" or "personal and advertising injury" arising out of, caused by, or attributable to, whether in whole or in part, the following:
 - (a)** The inhaling of, ingesting or physical exposure to asbestos, asbestos fibers or goods or products containing asbestos or asbestos fibers;
 - (b)** The use of asbestos or asbestos fibers in constructing or manufacturing any good, product, building or structure;
 - (c)** The removal or abatement of asbestos or asbestos fibers from any good, product, building or structure;
 - (d)** The manufacture, sale, transportation, storage or disposal of asbestos or goods, or products containing asbestos or asbestos fibers;
 - (e)** The presence of asbestos or asbestos fibers in any good, product, building or structure;
 - (f)** The release of asbestos or asbestos fibers from or at any good, product, building or structure;
 - (g)** Damage to, loss of use of, or reduction in the value of a building or any property due to the actual or alleged presence of asbestos or asbestos fibers;
 - (h)** The encapsulation or containment of asbestos or asbestos fibers within a building;
 - (i)** The providing of or failing to provide warnings or instructions concerning asbestos or asbestos fibers; or
 - (j)** Warranties or representations made at any time with respect to or concerning asbestos or asbestos fibers.
- (2)** Any loss, cost or expense arising out of:
 - (a)** Any request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of asbestos or asbestos fibers; or
 - (b)** Any claim or suit by or on behalf of a governmental authority or any other party 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 asbestos or asbestos fibers.
- (3)** Payment for the investigation or defense of any loss, injury or damage, any cost, fine, penalty or for any expense or claim or suit resulting from, arising out of or related to Paragraphs **(1)** and **(2)** above.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR, BIOLOGICAL, CHEMICAL AND RADIOLOGICAL HAZARDS EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

- I.** We will not pay for any loss, damage, cost or expense, whether real or alleged, that is caused, results from, is exacerbated by or otherwise impacted by, either directly or indirectly, any of the following:
 - (1) Nuclear Hazard** – including, but not limited to, nuclear reaction, nuclear detonation, nuclear radiation, radioactive contamination and all agents, materials, products or substances, whether engineered or naturally occurring, involved therein or released thereby;
 - (2) Biological Hazard** – including, but not limited to, any biological and/or poisonous or pathogenic agent, material, product or substance, whether engineered or naturally occurring, that induces or is capable of inducing physical distress, illness, or disease;
 - (3) Chemical Hazard** – including, but not limited to, any chemical agent, material, product or substance;
 - (4) Radioactive Hazard** – including, but not limited to, any electromagnetic, optical, or ionizing radiation or energy, including all generators and emitters thereof, whether engineered or naturally occurring.
- II.** The provisions of subparagraphs **I. (2)** and **I. (3)** will not apply where the agent, material, product or substance at issue is utilized in the course of business by an insured.
- III.** Only if and to the extent required by state law, the following exception to the exclusion in paragraph **I.** applies:

If a hazard excluded under paragraph **I.** results in fire, we will pay for the loss, damage, cost or expense caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. This coverage does not apply to insurance provided under Business Income, Rental Value or Extra Expense coverage forms or endorsements that apply to those coverage forms.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

(Including Electronic Circuitry Impairment)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. The following is added to Paragraph A.3. Covered Causes of Loss in Section I – Property:

Additional Coverage – Equipment Breakdown

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

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident" or "electronic circuitry impairment". We will consider "electronic circuitry impairment" to be physical damage to "covered equipment".
2. Unless otherwise shown in a "schedule", the following coverages also apply to the direct result of an "accident" or "electronic circuitry impairment". However, with respect to coverage 2.g. Service Interruption below and any Dependent Properties coverage provided by this policy, coverage will apply only to the direct result of an "accident" and will not apply to the direct result of an "electronic circuitry impairment". These coverages do not provide additional amounts of insurance.

a. Business Income and Extra Expense

- (1) Any insurance provided under the policy for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in a "schedule", then with respect to this endorsement only, the "period of restoration" will begin immediately after the "accident" or "electronic circuitry impairment", and the deductible shown in the "schedule" will apply.

- (2) The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in a "schedule".

b. Data Restoration

- (1) We will pay for your reasonable and necessary cost to research, replace and restore lost "electronic data".
- (2) The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur is \$50,000 unless otherwise shown in a "schedule".

c. Expediting Expenses

- (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
 - (a) Make temporary repairs; and
 - (b) Expedite permanent repairs or permanent replacement.
- (2) The most we will pay for loss or expense under this coverage is \$50,000 unless otherwise shown in a "schedule".

d. Hazardous Substances

- (1) We will pay your additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.

- (2) This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in **2.h.(1)(b)** below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.
- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur is \$50,000 unless otherwise shown in a "schedule".

e. Off Premises Equipment Breakdown

- (1) We will pay for physical damage to transportable "covered equipment" that, at the time of the "accident" or "electronic circuitry impairment", is not at a covered location. As respects this Off Premises Equipment Breakdown coverage only, the "accident" or "electronic circuitry impairment" may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
- (2) We will also pay for your reasonable and necessary cost to research, replace and restore lost "electronic data" contained within "covered equipment" as described under (1) above. This amount may not exceed the limit applicable to Data Restoration coverage.
- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur and Data Restoration as described in (2) above is \$10,000 unless otherwise shown in a "schedule".

f. Public Relations

- (1) This coverage only applies if you have sustained an actual loss of Business Income covered under this endorsement.

- (2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
 - (a) The media;
 - (b) The public; or
 - (c) Your customers, clients or members.
- (3) Such costs must be incurred during the "period of restoration" or up to 30 days after the "period of restoration" has ended.
- (4) The most we will pay for loss or expense under this coverage is \$5,000.

g. Service Interruption

- (1) Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, "cloud computing services", wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.
- (2) "Cloud computing services" must be provided by a professional provider with whom you have a contract.
- (3) With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to "electronic data" stored in the equipment of a provider of "cloud computing services".

- (4) Unless otherwise shown in a "schedule", any insurance provided for Business Income or Data Restoration will not apply under this Service Interruption coverage unless the failure or disruption of service exceeds 24 hours immediately following the "accident". If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.
- (5) The most we will pay in any "one equipment breakdown" for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense, Data Restoration or Spoilage, except that if a limit is shown in a "schedule" for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

h. Spoilage

- (1) We will pay for:
 - (a) Physical damage to "perishable goods" due to spoilage;
 - (b) Physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
 - (c) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident" or "electronic circuitry impairment", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment condition.
- (3) The most we will pay for loss, damage or expense under this coverage is \$50,000 unless otherwise shown in a "schedule".

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

All exclusions in the Businessowners Coverage Form apply except as modified below and to the extent that coverage is specifically provided by this endorsement.

1. The following exclusions are modified:

- a. As respects this endorsement only, the next to the last paragraph in Exclusion **B.1.h.** is deleted and replaced with the following:

However, if excluded loss or damage, as described in Paragraph (1) above results in an "accident" or "electronic circuitry impairment", we will pay only for the loss, damage or expense caused by such "accident" or "electronic circuitry impairment".

- b. As respects this endorsement only, the last paragraph of Exclusion **B.2.i.** is deleted and replaced with the following:

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

- c. The following is added to Exclusions **B.2.m.** and **B.2.n.**:

We will also pay for direct physical loss or damage caused by an "accident" or "electronic circuitry impairment".

2. The following exclusions are added:

- a. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment":

- (1) Fire, including smoke from a fire;
- (2) Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere;
- (3) Any other explosion, except as specifically covered under this endorsement;
- (4) Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, tsunami or volcanic action;

- (5) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer, drain or sump. However, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies; or
- (6) Vandalism.
- b. Coverage under this endorsement does not apply to an "accident" or "electronic circuitry impairment" caused by or resulting from:
 - (1) Lightning;
 - (2) Windstorm or hail. However this exclusion does not apply when:
 - (a) "Covered equipment" located within a building or structure suffers an "accident" or "electronic circuitry impairment" that results from wind-blown rain, snow, sand or dust; and
 - (b) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
 - (3) Smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;
 - (4) Breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse or molten material;
 - (5) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment; or
 - (6) Water or other means used to extinguish a fire.
- c. 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.
- d. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment": Any "fungi", wet rot or dry rot, including any presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such "fungi", wet rot or dry rot. However, this exclusion does not apply to spoilage of personal property that is "perishable goods", to the extent that such spoilage is covered under Spoilage coverage.
- e. We will not pay for any loss or damage to animals.
- f. Exclusions **2.b.(1)**, **2.b.(2)**, **2.b.(3)** and **2.b.(4)** above shall not apply if:
 - (1) The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;
 - (2) Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an "accident" or "electronic circuitry impairment"; and
 - (3) The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.

C. DEDUCTIBLES

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

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

1. Deductibles for Each Coverage

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

- c. If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one equipment breakdown", only the highest deductible for each coverage will apply.

2. Direct and Indirect Coverages

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

3. Application of Deductibles

a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one equipment breakdown" until the amount of loss, damage or expense exceeds the applicable deductible shown in the "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.

b. Time Deductible

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

c. Multiple of Average Daily Value (ADV)

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

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" or "electronic circuitry impairment" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or "elec-

tronic circuitry impairment" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration". The number indicated in the "schedule" will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or co-insurance) 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.

D. CONDITIONS

- 1. The following conditions are in addition to the Conditions in the Businessowners Coverage Form.

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" or "electronic circuitry impairment" 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.

2. As respects this endorsement only, Loss Payment Condition **5.d.** in the Businessowners Coverage Form is deleted and replaced with the following:

d. We will determine the value of Covered Property as follows:

- (1) Except as specified otherwise, our payment for damaged Covered Property will be the smallest of:

- (a) The cost to repair the damaged property;
- (b) The cost to replace the damaged property on the same site; or
- (c) The amount you actually spend that is necessary to repair or replace the damaged property.

- (2) The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.

- (3) Except as described in (4) below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.

- (4) Environmental, Safety and Efficiency Improvements

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

ply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.

- (5) The following property will be valued on an Actual Cash Value basis:

- (a) Any property that does not currently serve a useful or necessary function for you;
- (b) Any Covered Property that you do not repair or replace within 24 months after the date of the "accident" or "electronic circuitry impairment"; and
- (c) Any Covered Property for which Actual Cash Value coverage is specified in a "schedule".

Actual Cash Value includes deductions for depreciation.

- (6) If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:

- (a) The property was manufactured by you;
- (b) The sales price of the property is less than the replacement cost of the property; or
- (c) You are unable to replace the property before its anticipated sale.

- (7) Except as specifically provided for under Data Restoration coverage, "electronic data" and "media" will be valued on the following basis:

- (a) For mass-produced and commercially available software, at the replacement cost.
- (b) For all other "electronic data" and "media", at the cost of blank "media" for reproducing the records. We will not pay for "electronic data" representing financial records based on the face value of such records.

3. Coinsurance

If a coinsurance percentage is shown in a "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.

E. DEFINITIONS

The following definitions are added with respect to this endorsement only:

1. "Accident"

a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) Artificially generated electrical current, including 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. None of the following is an "accident":

- (1) Defect, programming error, programming limitation, computer virus, malicious code, loss of "electronic data", loss of access, loss of use, loss of functionality or other condition within or involving "electronic data" or "media" of any kind; or
- (2) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

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

2. "Boilers and vessels" means:

- a. Any boiler, including attached steam, condensate and feedwater piping; and
- b. 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 a "schedule".

3. "Cloud computing services" means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. "Cloud computing services" include private clouds if such services are owned and operated by a third party.

4. "Covered equipment"

a. "Covered equipment" means, unless otherwise specified in a "schedule", Covered Property:

- (1) That generates, transmits or utilizes energy; or
- (2) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

"Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.

b. None of the following is "covered equipment":

- (1) Structure, foundation, cabinet or compartment;
- (2) Insulating or refractory material;
- (3) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- (4) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (5) "Vehicle" or any equipment mounted on a "vehicle";

- (6) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (7) Dragline, excavation or construction equipment; or
 - (8) Equipment manufactured by you for sale.
5. "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.
6. "Electronic circuitry impairment"
- a. "Electronic circuitry impairment" means a fortuitous event involving "electronic circuitry" within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in b., c. and d. below.
 - b. We shall determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment".
 - c. The "covered equipment" must be owned or leased by you, or operated under your control.
 - d. None of the following is an "electronic circuitry impairment":
 - (1) Any condition that can be reasonably remedied by:
 - (a) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - (b) Rebooting, reloading or updating software or firmware; or
 - (c) Providing necessary power or supply.
 - (2) Any condition caused by or related to:
 - (a) Incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
 - (b) Insufficient size, capability or capacity of the "covered equipment".
- (3) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
7. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
8. "Media" means material on which "electronic data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
9. "One equipment breakdown" means: If an initial "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments", all will be considered "one equipment breakdown". All "accidents" or "electronic circuitry impairments" that are the result of the same "accident" or "electronic circuitry impairment" will be considered "one equipment breakdown".
10. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
11. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, "production machinery" does not mean any boiler, or fired or unfired pressure vessel.
- This term does not appear elsewhere in this endorsement, but may appear in a "schedule".
12. "Schedule" means the Equipment Breakdown Coverage Schedule.
13. "Vehicle" means any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to: car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.
- However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle".

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

**COMMERCIAL EMPLOYMENT PRACTICES
LIABILITY INSURANCE COVERAGE
SUPPLEMENTAL DECLARATIONS**

General Casualty Company of
Wisconsin

**One General Drive
Sun Prairie, WI 53596**

Policy Number: BBP0010190-00
Account Number: T-66273
Named Insured: The Bungalow Restaurant LLC

Agent #: 033180

NOTICE

- **THIS IS A CLAIMS-MADE AND REPORTED POLICY. EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THIS EPL COVERAGE IS LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS OR SUITS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE EPL COVERAGE PERIOD AND REPORTED IN WRITING TO THE INSURER PURSUANT TO THE TERMS HEREIN. VARIOUS PROVISIONS IN THIS EPL COVERAGE RESTRICT COVERAGE. PLEASE READ THE ENTIRE EPL COVERAGE FORM CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.**
- **THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS UNDER THIS EPL COVERAGE SHALL BE REDUCED BY AMOUNTS INCURRED FOR DEFENSE COSTS. AMOUNTS INCURRED FOR DEFENSE COSTS SHALL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT.**

EPL Coverage Period:	From: 11/14/2019 To: 11/14/2020	At 12:01 A.M. Standard Time at your mailing address shown on the Declarations page of this policy
EPL Aggregate Limit of Liability:	\$100,000	Annual aggregate for all "loss" combined, including "defense costs".
EPL Deductible Amount:	\$5,000	For "loss" arising from claims or suits alleging the same "wrongful employment act" or "related wrongful employment acts", or the same "third party violation" or "related third party violation" if "third party violations" are shown as covered.
EPL Retroactive Date:	11/14/2013	If no date is shown, "we" will consider the EPL Retroactive Date to be the date of organization of the "named insured". The EPL Retroactive Date will remain the same through all subsequent renewals. No change will be made to the EPL Retroactive Date unless at the sole request of the insured.
EPL Coverage Premium:	\$1,198	EPL Premium for the EPL Coverage Period
Third Party Violations Premium (Optional):		If coverage for "third party violations" has been paid for, the premium will be shown and coverage is in force. Otherwise, there is no coverage available for "third party violations".
TOTAL EPL COVERAGE PREMIUM:		\$1,198

This insurance does not apply to "loss" arising out of a "wrongful employment act" or "third party violation" that arises out of incidents or circumstances of which "you" had knowledge prior to the effective date of this EPL Coverage or the first EPL Coverage Form issued by "us" of which this EPL Coverage is an uninterrupted renewal.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

California Changes

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE

SECTION VI. CONDITIONS is amended as follows:

1. Clause **F. Extended Reporting Periods**, Paragraph **2.b.** is deleted and replaced by the following:

- b. Upon payment of an additional premium of 100% of the full annual premium applicable to this EPL Coverage, a Supplemental Extended Reporting Period of one (1) year immediately following the effective date of cancellation or nonrenewal in which to give to "us" written notice of "claims" first made or "suits" first brought against the "insureds" during said Supplemental Extended Reporting Period for any "wrongful employment acts" or "third party violations" occurring before the end of the "EPL coverage period" and are otherwise covered by this EPL Coverage.

To obtain the Supplemental Extended Reporting Period, "you" must request it in writing and pay the additional premium due, within thirty (30) days of the effective date of cancellation or nonrenewal. If "we" do not receive the written request as required, "you" may not exercise this right at a later date.

This insurance, provided during the Supplemental Extended Reporting Period, is excess over any other valid and collectible insurance that begins or continues in effect after the Supplemental Extended Reporting Period becomes effective, whether the other insurance applies on a primary, excess, contingent, or any other basis.

2. Clause **G. Change in Control of "Named Insured"** is deleted and replaced by the following:

G. Change in Control of "Named Insured"

In the event of a "transaction" then this EPL Coverage shall continue in full force and effect as to "wrongful employment acts" or "third party violations" occurring prior to the effective time of the "transaction", but there shall be no coverage afforded by any provision of this EPL Coverage for any actual or alleged "wrongful employment acts" or "third party violations" occurring after the effective time of the "transaction". "You" shall also have the right to the Extended Reporting Periods described in Clause **F.** of this Section **VI.**

"You" shall give "us" written notice of the "transaction" as soon as practicable, but not later than thirty (30) days after the effective date of the "transaction".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM
INFORMATION SECURITY PROTECTION ENDORSEMENT

A. Section I – Property is amended as follows:

1. With respect to an "open policy", the following is added to any provision which uses the term actual cash value:

a. In the event of a total loss to a building or structure, actual cash value is calculated as the Limit of Insurance applicable to that building or structure or the fair market value of the building or structure, whichever is less.

b. In the event of a partial loss to a building or structure, actual cash value is calculated as **b.(1)** or **b.(2)**, whichever is less:

(1) The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of loss;

(2) The Limit of Insurance applicable to the property.

c. In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as **c.(1)** or **c.(2)**, whichever is less:

(1) The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss;

(2) The Limit of Insurance applicable to the property.

d. An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation.

2. Paragraph **E.2. Appraisal** Property Loss Conditions is replaced by the following:

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the 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. Paragraph **E.5.d.(1)(c)** of the **Loss Payment** Property Loss Conditions is deleted.

4. Paragraphs **E.5.d.(1)(d)** and **E.5.d.(5)** of the **Loss Payment** Property Loss Conditions are replaced as follows:

(d) We will not pay on a replacement cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced. Prior to such repair or replacement, we will pay the actual cash value of the lost or damaged property as described in Paragraph **A.1.** of this Endorsement. If the actual cash value does not exhaust the applicable Limit of Insurance, we will then pay the difference between the actual cash value and the replacement cost, provided that the repair or replacement is completed:

- (i) Within 12 months after we pay the actual cash value; or
- (ii) Within 24 months after we pay the actual cash value if the loss or damage relates to a state of emergency as described in Section 8558 of the Government Code;

unless we extend the time period for good cause.

Nothing in this Paragraph (d) constitutes a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.

(5) Tenants' improvements and betterments at:

- (a) Replacement cost in accordance with the terms set forth in Paragraph (d) above.
- (b) A proportion of your original cost if the property is not repaired or replaced. We will determine the proportionate value as follows:
 - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (ii) Divide the amount determined in (i) 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.

(c) Nothing if others pay for repairs or replacement.

B. Section III – Common Policy Conditions is amended as follows:

1. Paragraphs **A.2.** and **A.3. Cancellation** are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this Policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this Policy by mailing or delivering to the first Named Insured at the mailing address shown in the Policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

- (1) Nonpayment of premium; or
- (2) Discovery of fraud by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this Policy.

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

3. All Policies In Effect For More Than 60 Days

a. If this Policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this Policy only upon the occurrence, after the effective date of the Policy, of one or more of the following:

- (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.

- (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this Policy.
- (3) A judgment by a court or an administrative tribunal that you have violated a California or federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
- (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
- (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the Policy.

- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the Policy, and to the producer of record, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

- 2. The following provision is added to Paragraph A. Cancellation:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit. If such coverage has been in effect for 60 days or less and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except that we may not cancel this Policy solely because:

- a. Corrosive soil conditions exist on the premises; or
- b. The first Named Insured has:
 - (1) Accepted an offer of earthquake coverage; or
 - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this Policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

3. Paragraph **C. Concealment, Misrepresentation Or Fraud** is replaced by the following with respect to loss or damage caused by fire:

We do not provide coverage to the insured who, whether before or after a loss, has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

- a. This Policy;
- b. The Covered Property;
- c. That insured's interest in the Covered Property; or
- d. A claim under this Policy.

4. Paragraph **C. Concealment, Misrepresentation Or Fraud** is replaced by the following with respect to loss or damage caused by a Covered Cause of Loss other than fire:

This Policy is void if any insured, whether before or after a loss, has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

- a. This Policy;
- b. The Covered Property;
- c. An insured's interest in the Covered Property; or
- d. A claim under this Policy.

5. Paragraph **H.1. Other Insurance** is replaced by the following (with respect to coverage provided under Section I – Property):

If there is other insurance covering the same loss or damage, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance bears to the Limits of Insurance of all insurance covering on the same basis.

We will not pay more than the applicable Limit of Insurance of Section I – Property.

6. The following paragraph is added and supersedes any provisions to the contrary:

M. Nonrenewal

- 1. Subject to the provisions of Paragraphs 2. and 3. below, if we elect not to renew this Policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the Policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit.

We may elect not to renew such coverage for any reason, except that we will not refuse to renew such coverage solely because:

- a. The first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this Policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;
- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or
- (3) We have:
 - (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

- (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.
 - b. The first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.
 - c. Corrosive soil conditions exist on the premises.
3. We are not required to send notice of nonrenewal in the following situations:
- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.
 - b. If the Policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph 1.
 - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the Policy, to obtain that coverage.
 - d. If the Policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
 - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the Policy within 60 days of the end of the policy period.
 - f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph 1., to renew the Policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.
- C. The following changes apply only to Information Security Protection Endorsement **BP 15 07** if it is attached to this Policy:
- 1. Paragraph (2) of Insuring Agreement **d. Security Breach Liability** is replaced by the following:
 - (2) We will pay for "defense expenses" as a result of a "claim" in the form of a "regulatory proceeding" first made against the insured during the "policy period" or during the applicable Extended Reporting Period, in response to a "wrongful act" or a series of "interrelated wrongful acts" covered under Paragraph **d.(1)**.
 - 2. Paragraph **d.** of the definition of "loss" in Paragraph **V.** is replaced by the following:
 - d.** With respect to Insuring Agreements **d. Security Breach Liability** and **g. Web Site Publishing Liability**:
Compensatory damages, settlement amounts and costs awarded pursuant to judgments or settlements.
"Loss" does not include:
 - (1) Civil or criminal fines or penalties imposed by law;
 - (2) Punitive or exemplary damages;
 - (3) The multiplied portion of multiplied damages;
 - (4) Taxes;
 - (5) Royalties;
 - (6) The amount of any disgorged profits; or
 - (7) Matters that are uninsurable pursuant to law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT – LIQUOR LIABILITY EXCLUSION – EXCEPTION FOR SCHEDULED PREMISES OR ACTIVITIES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Description Of Premises Or Activities:
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Paragraph 1.c. under **B. Exclusions** in **Section II – Liability** is replaced by the following:

c. Liquor Liability

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

- (1) Causing or contributing to the intoxication of any person, including causing or contributing to the intoxication of any person because alcoholic beverages were permitted to be brought on your premises, for consumption on your premises;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

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

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

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

This exclusion applies only if you:

- (a) Manufacture, sell or distribute alcoholic beverages;
- (b) Serve or furnish alcoholic beverages for a charge whether or not such activity:
 - (i) Requires a license;
 - (ii) Is for the purpose of financial gain or livelihood;
- (c) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity; or
- (d) Permit any person to bring any alcoholic beverages on your premises, for consumption on your premises.

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of:

- (a) The selling, serving or furnishing of alcoholic beverages at the specific activity described in the Schedule; or
- (b) Permitting any person to bring any alcoholic beverages on the premises described in the Schedule, for consumption on the premises described in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABUSE OR MOLESTATION EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following applies to Section II – Liability and supersedes any provision to the contrary:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

- (a)** The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or
- (b)** The negligent:
 - (i)** Employment;

- (ii)** Investigation;
- (iii)** Supervision;
- (iv)** Reporting to the proper authorities, or failure to so report; or
- (v)** Retention;
of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by **(a)** above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME CHANGES – TIME PERIOD

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section I – Property is amended as follows:

- A. Paragraph A.5.i. Civil Authority** Additional Coverage is amended by deleting the second and third paragraphs and replacing them with the following:

This coverage will apply for a period of up to four consecutive weeks from the date of that action.

- B. Paragraph (a) under Paragraph A.5.m.(6) Business Income From Dependent Properties** Additional Coverage is replaced by the following:

- (a)** Begins immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises of the dependent property or secondary dependent property; and

- C. Paragraph H.9.a.(1)(a)** of the "period of restoration" definition is replaced by the following:

- (a)** Immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; or

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**WATER BACK-UP AND SUMP OVERFLOW**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number Location / Building	Covered Property Annual Aggregate Limit Of Insurance	Business Income And Extra Expense Annual Aggregate Limit Of Insurance
1 / 1	\$ 25,000	\$ 25,000
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. We will pay for direct physical loss or damage to Covered Property, covered under Section I – Property, caused by or resulting from:

1. Water or waterborne material which backs up through or overflows or is otherwise discharged from a sewer or drain; or
2. Water or waterborne material which overflows or is otherwise discharged from a sump, sump pump or related equipment, even if the overflow or discharge results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph **A.2.**, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

B. The coverage described in Paragraph **A.** of this endorsement does not apply to loss or damage resulting from:

1. An insured's failure to keep a sump pump or its related equipment in proper working condition;
2. An insured's failure to perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions; or
3. Sump pump failure which is caused by or results from failure of power, unless this policy is endorsed to cover power failure affecting the described premises.

C. The most we will pay for the coverage provided under this endorsement for all direct physical loss or damage to Covered Property is the Covered Property Annual Aggregate Limit of Insurance. That limit is \$5,000 per location, unless a different Covered Property Annual Aggregate Limit Of Insurance is indicated in the Schedule of this endorsement.

The applicable Covered Property Annual Aggregate Limit of Insurance is the most we will pay under this endorsement for the total of all direct physical loss or damage sustained in any one policy year, regardless of the number of occurrences that cause or result in loss or damage to Covered Property. If loss payment for the first such occurrence does not exhaust the applicable Limit of Insurance, then the balance of that limit 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.

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- D. The following provisions apply to **Section I – Property** and supersede any provisions to the contrary:

The most we will pay under:

1. Paragraph **A.5.f.** Business Income Additional Coverage for all loss of Business Income you sustain due to the necessary suspension of your "operations" caused by direct physical loss or damage to Covered Property as described in Paragraph **A.** of this endorsement; and
2. Paragraph **A.5.g.** Extra Expense Additional Coverage for all necessary Extra Expense you incur and that you would not have incurred if there had been no direct physical loss or damage to Covered Property as described in Paragraph **A.** of this endorsement;

is the Business Income And Extra Expense Annual Aggregate Limit of Insurance. That limit is \$5,000 per location, unless a different Business Income And Extra Expense Annual Aggregate Limit Of Insurance is shown in the Schedule.

The applicable Business Income And Extra Expense Annual Aggregate Limit of Insurance is the most we will pay under this endorsement for the total of all loss of Business Income you sustain and Extra Expense you incur in any one policy year, regardless of the number of occurrences that cause or result in loss or damage to Covered Property as described in Paragraph **A.** of this endorsement. If loss payment during an earlier "period of restoration" in the policy year does not exhaust the applicable Limit of Insurance, then the balance of that limit is available for loss of Business Income you sustain or Extra Expense you incur during a subsequent "period of restoration" beginning in, but not after, that policy year. With respect to a "period of restoration" which begins in one policy year and continues in a subsequent policy year(s), all loss of Business Income you sustain or Extra Expense you incur is deemed to be sustained or incurred in the policy year in which the "period of restoration" began.

- E. With respect to the coverage provided under this endorsement, the **Water** Exclusion in **Section I – Property** is replaced by the following:

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

This exclusion applies regardless of whether any of the above, in Paragraphs **1.** through **4.**, 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 **4.**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

- F. For the purposes of this endorsement, the term drain includes a roof drain and related fixtures.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BROADENED COVERAGE FOR DAMAGE TO PREMISES RENTED TO YOU

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

A. Premises:

Steak - Fine Dining Restaurants
2441 E Coast Hwy
Corona del Mar, CA 92625

B. Limit Of Insurance (Per Occurrence):

\$500,000

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

With respect to the coverage provided under this endorsement, **Section II - Liability** is amended as follows:

- A.** The final paragraph of **B.1. Exclusions - Applicable To Business Liability Coverage** is deleted and replaced by the following:

With respect to the premises shown in the Schedule of this endorsement which are rented to you or temporarily occupied by you with the permission of the owner, Exclusions **c.**, **d.**, **e.**, **g.**, **h.**, **k.**, **l.**, **m.**, **n.** and **o.** do not apply to "property damage".

- B.** Paragraph **D.2. Liability And Medical Expenses Limits Of Insurance** is deleted and replaced by the following with respect to damage to the premises shown in the Schedule of this endorsement:

The most we will pay under this endorsement for the sum of all damages because of all "property damage" to premises while rented to you or temporarily occupied by you with the permission of the owner is the Limit of Insurance shown in the Schedule.

- C.** With respect to the premises shown in the Schedule of this endorsement, Paragraph **D.3.** is deleted.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIQUOR LIABILITY COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

A. Liquor Liability Aggregate Limit: \$ 2,000,000
B. Each Common Cause Limit: \$ 1,000,000
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Section II – Liability is amended as follows:

A. The insurance provided under Paragraph **A.1. Business Liability** also applies to all "bodily injury" or "property damage" arising out of the selling, serving or furnishing of alcoholic beverages.

B. For the insurance provided by this endorsement only, Paragraph **B. Exclusions** is amended as follows:

1. Paragraph 1. **Applicable To Business Liability Coverages**, other than Exclusions **a. Expected Or Intended Injury**, **d. Workers' Compensation And Similar Laws** and **e. Employer's Liability**, does not apply.

2. The following exclusions are added:

This insurance does not apply to:

- a. "Bodily injury" or "property damage" arising out of any alcoholic beverage sold, served or furnished while any required license is not in effect.
- b. "Bodily injury" or "property damage" arising out of "your product". This exclusion does not apply to "bodily injury" or "property damage" for which the insured or the insured's indemnities may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

c. Any "bodily injury" or "property damage" with respect to which other insurance is afforded, or would be afforded but for the exhaustion of the Limits of Insurance.

This exclusion does not apply if the other insurance responds to liability for "bodily injury" or "property damage" imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage.

C. The following are added to Paragraph **D. Liability And Medical Expenses Limits Of Insurance**:

D. Liability And Medical Expenses Limits Of Insurance

5. The Liquor Liability Aggregate Limit shown in the Schedule of this endorsement is the most we will pay for all "bodily injury" and "property damage" as the result of the selling, serving or furnishing of alcoholic beverages.

6. Subject to the Liquor Liability Aggregate Limit, the Each Common Cause Limit shown in the Schedule of this endorsement is the most we will pay for all "bodily injury" and "property damage" sustained by one or more persons or organizations as the result of the selling, serving or furnishing of alcoholic beverages to any one person.

Neither the Liability And Medical Expenses Limit of Insurance shown in the Declarations nor its aggregate limits apply to damages arising out of the selling, serving or furnishing of alcoholic beverages.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added:

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

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

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

SCHEDULE – PART I	
Terrorism Premium (Certified Acts)	
Additional information, if any, concerning the terrorism premium:	
SCHEDULE – PART II	
Federal share of terrorism losses <u>81</u>	% Year: 20 <u>19</u>
(Refer to Paragraph B. in this endorsement.)	
Federal share of terrorism losses <u>80</u>	% Year: 20 <u>20</u>
(Refer to Paragraph B. in this endorsement.)	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Disclosure Of Premium

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

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

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

C. Cap On Insurer Participation In Payment Of Terrorism Losses

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – SILICA OR SILICA-RELATED DUST

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

- A.** The following exclusion is added to Paragraph **B. Exclusions** in **Section II – Liability**:

B. Exclusions

This insurance does not apply to:

SILICA OR SILICA-RELATED DUST

1. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
2. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
3. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

4. 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 Paragraph **F. Liability And Medical Expenses Definitions** in **Section II – Liability**:

1. "Silica" means silicon dioxide, (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Policy and apply to Property and Liability Coverages:

A. CAP ON CERTIFIED TERRORISM LOSSES

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

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

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

- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES; CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Liability Coverage Form **BP 00 06** and **Section II – Liability** of the Businessowners Coverage Form **BP 00 03**:

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in U.S. dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or

b. Protracted and obvious physical disfigurement; or

c. Protracted loss of or impairment of the function of a bodily member or organ; or

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

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

2. "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;
- b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
- c. 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.

3. "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.

- C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.
- D. If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Liability Coverage Form **BP 00 06** and **Section II – Liability** of the Businessowners Coverage Form **BP 00 03**:

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

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

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- C.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION (LIABILITY)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability**:

A. The following exclusion is added to Paragraph **B.1., Exclusions – Applicable To Business Liability Coverage**:

t. Fungi Or Bacteria

- (1) "Bodily injury", "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

- (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

B. The following definition is added Paragraph **F. Liability And Medical Expenses Definitions**:

1. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RESTAURANTS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**A. The following are added to Paragraph A.5.
Additional Coverages of Section I – Property:**

a. Reward Payment

(1) We will reimburse you for rewards paid as follows:

(a) Up to \$5,000 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss of or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

(i) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property under the Loss Payment Condition.

(b) Up to \$5,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

(i) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the Loss Payment Condition.

(2) This Additional Coverage applies, subject to the following conditions:

(a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property, and who is not:

(i) You or any family member;

(ii) Your employee (including a temporary or leased employee) or any of his or her family members;

(iii) An employee of a law enforcement agency;

(iv) An employee of a business engaged in property protection;

(v) Any person who had custody of the Covered Property at the time the theft was committed; or

(vi) Any person involved in the crime.

(b) No reward will be reimbursed unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

(c) The lesser of the amount of the reward or \$5,000 is the most we will reimburse for loss under this Additional Coverage in any one occurrence.

b. Brands And Labels

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

(a) Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or

(b) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.

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

c. Ordinance Or Law – Equipment Coverage

(1) Subject to Paragraph (2), if a Covered Cause of Loss occurs to equipment that is Covered Property, we will pay to repair or replace the equipment as required by law.

(2) If a Covered Cause of Loss occurs to refrigeration equipment that is Covered Property, we will pay:

(a) The cost to reclaim the refrigerant as required by law;

(b) The cost to retrofit the equipment to use a non-CFC refrigerant as required by the Clean Air Act of 1990, and any amendments thereto or any other similar laws; and

(c) The increased cost to recharge the system with a non-CFC refrigerant.

(3) The terms of this coverage apply separately to each piece of covered equipment.

(4) We will not pay under this Additional Coverage for the costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot or dry rot.

(5) Loss to the equipment will be determined as follows:

(a) If the equipment is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(i) The amount you actually spend to repair the equipment, but not for more than the amount it would cost to replace the equipment with equipment of the same kind and quality; or

(ii) The Limit Of Insurance shown in the Declarations as applicable to the covered Building or Business Personal Property.

(b) If the equipment is not repaired or replaced, we will not pay more than the lesser of:

(i) The actual cash value of the equipment at the time of loss; or

(ii) The Limit Of Insurance shown in the Declarations as applicable to the Building or Business Personal Property.

(c) We will not pay for loss due to any ordinance or law that:

(i) You were required to comply with before the loss, even if the equipment was undamaged; and

(ii) You failed to comply with.

d. Lock Replacement

(1) We will pay for the cost to repair or replace locks at the described premises due to theft or other loss to keys.

(2) The most we will pay under this Additional Coverage for all loss or damage in any one occurrence is \$1,000.

(3) A per occurrence deductible of \$100 will apply.

e. Spoilage Coverage

(1) We will pay for the loss of "perishable stock" caused by:

(a) A change in temperature or humidity resulting from mechanical breakdown or failure of refrigeration, cooling or humidity control apparatus or equipment, only while such apparatus or equipment is at the described premises;

(b) Contamination by a refrigerant; and

(c) 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.

(2) The most we will pay for loss under this Additional Coverage is \$10,000 unless a different Limit Of Insurance for spoilage coverage is shown in the Declarations.

- (3) The value of the "perishable stock" will be the selling price, as if no loss or damage had occurred, less discounts and expenses you otherwise would have had.
- (4) This Additional Coverage does not apply if the spoilage results from:
 - (a) Earth movement;
 - (b) Governmental action;
 - (c) Nuclear hazard;
 - (d) War and military action;
 - (e) Water;
 - (f) The disconnection of any refrigerating, cooling or humidity control system from the source of power;
 - (g) 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;
 - (h) 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;
 - (i) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand; and
 - (j) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.
- (5) We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of that deductible, up to the applicable Limit of Insurance. No other deductible in this policy applies to the coverage provided by this Additional Coverage.
- (6) You must maintain a refrigeration maintenance or service agreement. If you voluntarily terminate this agreement and do not notify us within 10 days, the spoilage coverage provided by this Additional Coverage will be automatically suspended at the involved location.

However, coverage provided by this Additional Coverage is restored upon:

- (a) Reinstatement of the applicable refrigeration maintenance or service agreement; or
- (b) Procurement of a replacement refrigeration maintenance or service agreement.

A refrigeration maintenance agreement means a written service contract, between you and the refrigeration service organization, which provides for regular periodic inspection of the refrigeration equipment at the insured location, and the servicing and repair of the equipment, including emergency response at the insured location.

f. Food Contamination

- (1) If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of "food contamination", we will pay:
 - (a) Your expense to clean your equipment as required by the Board of Health or any other governmental authority;
 - (b) Your expense to replace food which is, or is suspected to be, contaminated;
 - (c) Your expense to provide necessary medical tests or vaccinations for your employees (including temporary or leased employees) who are potentially infected by the "food contamination". However, we will not pay for any expense that is otherwise covered under a Workers' Compensation policy;
 - (d) The loss of Business Income you sustain due to the necessary suspension of your "operations". The coverage for Business Income will begin 24 hours after you receive notice of closing from the Board of Health or any other governmental authority; and
 - (e) Additional advertising expenses you incur to restore your reputation.
- (2) The definition of Business Income in the **Business Income** Additional Coverage also applies to this **Food Contamination** Additional Coverage.

- (3) The most we will pay for all loss in any one occurrence under Paragraphs (1)(a) through (1)(d), including Business Income, is \$10,000, unless a higher Food Contamination Limit Of Insurance is indicated in the Declarations.

The most we will pay for all loss in any one occurrence under Paragraph (1)(e) is \$3,000, unless a higher Additional Advertising Expenses Limit Of Insurance is indicated in the Declarations.

- (4) We will not pay any fines or penalties levied against you by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination at the described premises.

- (5) With respect to the coverage provided under this Paragraph f., Exclusion B.1.j. Virus Or Bacteria in Section I – Property does not apply.

- B. If the Employee Dishonesty Optional Coverage is shown as an applicable coverage in the Declarations, the following is added to Paragraph 3. **Employee Dishonesty** of Paragraph G. **Optional Coverages of Section I – Property** and is subject to the provisions of that paragraph:

We will also pay for loss of or damage to "money", "securities" and "other property" sustained by your customer resulting directly from theft committed by an identified employee, acting alone or in collusion with other persons.

The property covered under this coverage is limited to property:

- a. That your customer owns or leases; or
- b. That your customer holds for others.

Coverage applies only while the property is in a covered Building at the premises described in the Declarations.

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

- C. For coverage provided under this endorsement, the following definitions are added to Paragraph H. **Property Definitions of Section I – Property:**

1. "Food contamination" means an outbreak of food poisoning or food-related illness of one or more persons arising out of:
 - a. Tainted food you distributed or purchased;
 - b. Food which has been improperly processed, stored, handled or prepared in the course of your business operations; or
 - c. Food which has been contaminated by virus or bacteria transmitted through one or more of your employees, including temporary or leased employees.
2. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property specifically excluded under this policy.
3. "Perishable stock" means property:
 - a. Maintained under controlled temperature or humidity conditions for its preservation; and
 - b. Susceptible to loss or damage if the controlled temperature or humidity conditions change.

- D. The following are added to Paragraph A. **Coverages of Section II – Liability:**

1. Delivery Errors And Omissions Coverage

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of a failure to deliver or a misdelivery of items you hold for sale by you, any of your "employees" or by a concessionaire trading under your name. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for delivery errors and omissions to which this insurance does not apply. We may, at our discretion, investigate the circumstances of any misdelivery or failure to deliver and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph 1.e. below;

- (2) We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds \$250. We will then pay the amount of loss or damage in excess of \$250 up to the applicable Limit of Insurance for this coverage; and
- (3) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under this Delivery Errors And Omissions Coverage.
- b. This coverage applies only to errors in deliveries that take place or omissions of such deliveries that should have taken place in the "coverage territory" and during the policy period.
- c. This coverage does not apply to:
 - (1) Intentional error or intentional misdelivery or failure to deliver "your product".
 - (2) "Bodily injury", "property damage" or "personal and advertising injury".
 - (3) Discrimination based on a customer's race, color, national origin, religion, gender, marital status, age, sexual orientation or preference, physical or mental condition or residence location.
- d. The Supplementary Payments provision applicable to the Bodily Injury, Property Damage, and Personal And Advertising Injury Liability Coverages also applies to this Delivery Errors And Omissions Coverage.
- e. The most we will pay for the sum of all damages under this coverage because of all failures or misdeliveries is \$10,000 in any annual period starting with the beginning of the policy period shown in the Declarations. This limit applies separately to each premises described in the Declarations.
- f. The following replaces the **Duties In The Event Of Occurrence, Offense, Claim Or Suit** Condition under Paragraph E. **Liability And Medical Expenses General Conditions of Section II – Liability for the Delivery Errors Or Omissions Coverage:**
Duties In The Event Of A Delivery Error Or Omission
 - (1) You must see to it that we are notified as soon as practicable of an error or omission which may result in a claim. To the extent possible, notice should include:
 - (a) How, when and where the error or omission took place; and
 - (b) The name(s) and address(es) of the affected customer(s).
 - (2) If a claim is made or "suit" is brought against any insured, you must:
 - (a) Immediately record the specifics of the claim or "suit" and the date received; and
 - (b) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
 - (3) You and any other involved insured must:
 - (a) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (b) Authorize us to obtain records and other information;
 - (c) Cooperate with us in our investigation or settlement of the claim or defense against the "suit"; and
 - (d) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of error or omission to which this insurance may apply.

- (4) No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

2. Merchandise Withdrawal Expenses Coverage

- a. We will reimburse you for "merchandise withdrawal expenses" incurred because of "merchandise withdrawal" to which this insurance applies.
- b. This insurance applies to a "merchandise withdrawal" only if the "merchandise withdrawal" is initiated in the "coverage territory" during the policy period because:
- (1) You determine that the "merchandise withdrawal" is necessary; or
 - (2) An authorized government entity has ordered you to conduct a "merchandise withdrawal".
- c. The initiation of a "merchandise withdrawal" will be deemed to have been made only at the earliest of the following times:
- (1) When you first announced, in any manner, to the general public, your vendors or to your "employees" (other than those "employees" directly involved in making the determination) your decision to conduct or participate in a "merchandise withdrawal". This applies regardless of whether the determination to conduct a "merchandise withdrawal" is made by you or is requested by a third party; or
 - (2) When you first received, either orally or in writing, notification of an order from an authorized government entity to conduct a "merchandise withdrawal".
- d. "Merchandise withdrawal expenses" incurred to withdraw "your products" which contain the same or substantially similar "defects" will be deemed to have arisen out of the same "merchandise withdrawal".
- e. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds \$250. We will then pay the amount of loss or damage in excess of \$250 up to the applicable Limit of Insurance for this coverage.

- f. This insurance does not apply to "merchandise withdrawal expense" arising out of:

- (1) Any "merchandise withdrawal" initiated due to:
 - (a) The failure of "your product" to accomplish its intended purpose, including any breach of warranty of any kind, whether written or implied. This exclusion does not apply if such failure has caused or is reasonably expected to cause "bodily injury".
 - (b) Copyright, patent, trade secret, trade dress or trademark infringement.
 - (c) Transformation of a chemical nature, deterioration, or decomposition of "your product". This exclusion does not apply if it is caused by:
 - (i) An error in manufacturing, design, or processing;
 - (ii) Transportation of "your product"; or
 - (iii) "Merchandise tampering".
 - (d) Expiration of the designated shelf life of "your product"; or
- (2) A "defect" in "your product" known to exist by you or your "executive officers", prior to the date this endorsement was first issued to you or prior to the time "your product" leaves your control or possession;
- (3) Recall of any specific product for which "bodily injury" or "property damage" is excluded under Paragraph A. Coverages of Section II – Liability by endorsement;
- (4) Recall when "your product" or a component contained within "your product" has been:
 - (a) Banned from the market by an authorized government entity prior to the policy period; or
 - (b) Distributed or sold by you subsequent to any governmental ban;
- (5) The defense of a claim or "suit" against you for liability arising out of a "merchandise withdrawal"; or
- (6) The costs of regaining goodwill, market share, revenue or "profit" or the costs of redesigning "your product".

- g. The most we will reimburse you for the sum of all "merchandise withdrawal expenses" incurred for all "merchandise withdrawals" initiated during the policy period is \$25,000.
- h. The following replaces the **Duties In The Event Of Occurrence, Offense, Claim Or Suit** Condition under Paragraph **E. Liability And Medical Expenses General Conditions of Section II – Liability** for the **Merchandise Withdrawal Expenses Coverage**:

Duties In The Event Of A Defect Or A Merchandise Withdrawal

- (1) You must see to it that we are notified as soon as practicable of any actual, suspected or threatened "defect" in "your product" or any governmental investigation, that may result in a "merchandise withdrawal". To the extent possible, notice should include:
 - (a) How, when and where the "defect" was discovered;
 - (b) The names and addresses of any injured persons and witnesses; and
 - (c) The nature, location and circumstances of any injury or damage arising out of use or consumption of "your product".
- (2) If a "merchandise withdrawal" is initiated, you must:
 - (a) Immediately record the specifics of the "merchandise withdrawal" and the date it was initiated; and
 - (b) Notify us as soon as practicable.
You must see to it that we receive written notice of the "merchandise withdrawal" as soon as practicable.
- (3) You must promptly take all reasonable steps to mitigate the expenses associated with a "merchandise withdrawal". Any "profit" that you receive from mitigating the expenses will be deducted from the amount of reimbursement that you will receive for "merchandise withdrawal expenses".
- (4) You and any other involved insured must:
 - (a) Immediately send us copies of pertinent correspondence received in connection with the "merchandise withdrawal";
 - (b) Authorize us to obtain records and other information; and

- (c) Cooperate with us in our investigation of the "merchandise withdrawal".

E. For coverage provided under this endorsement, the following are added to Paragraph **F. Liability And Medical Expenses Definitions of Section II – Liability:**

- 1. "Defect" means a defect, deficiency or inadequacy that creates a dangerous condition.
- 2. "Merchandise tampering" is an act of intentional alteration of "your product" which has caused or is reasonably expected to cause "bodily injury".

When "merchandise tampering" is known, suspected or threatened, a "merchandise withdrawal" will be limited to those batches of "your product" which are known or suspected to have been tampered with.

- 3. "Merchandise withdrawal" means the recall or withdrawal:
 - a. From the market; or
 - b. From use by any other person or organization;
 of "your products" or products which contain "your products", because of known or suspected "defects" in "your product", or known or suspected "product tampering", which has caused or is reasonably expected to cause "bodily injury".
- 4. "Merchandise withdrawal expenses" means those reasonable and necessary extra expenses listed below, paid and directly related to a "merchandise withdrawal":
 - a. Costs of notification;
 - b. Costs of stationery, envelopes, production of announcements and postage or facsimiles;
 - c. Costs of overtime paid to your regular nonsalaried employees and costs incurred by your employees including costs of transportation and accommodations;
 - d. Costs of computer time;
 - e. Costs of hiring independent contractors and other temporary employees;
 - f. Costs of transportation, shipping or packaging;
 - g. Costs of warehouse or storage space; or
 - h. Costs of proper disposal of "your products" or products that contain "your products" that cannot be reused, not exceeding your purchase price or your cost to produce the products.

5. "Profit" means the positive gain from business operation after subtracting for all expenses.

F. With respect to "bodily injury" or "property damage" arising out of "your products" manufactured, sold, handled or distributed in conjunction with the conduct of your restaurant operation, when conducted by you or on your behalf, Paragraph a. of the definition of "products-completed operations hazard" in Paragraph F. **Liability And Medical Expenses Definitions of Section II – Liability** is replaced by the following:

- a. Includes all "bodily injury" and "property damage" that arises out of "your products" if the "bodily injury" or "property damage" occurs after you have relinquished possession of those products.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE CLAUSES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number: 1	Building Number: 1	Applicable Clause (Indicate Paragraph A, B, C or D): B
Description Of Property: Business Personal Property Loss Payee Name: Farmers & Merchants Bank Loss Payee Address: PO Box 21337 Long Beach, CA 90801		
Premises Number:	Building Number:	Applicable Clause (Indicate Paragraph A, B, C or D):
Description Of Property: Loss Payee Name: Loss Payee Address:		
Premises Number:	Building Number:	Applicable Clause (Indicate Paragraph A, B, C or D):
Description Of Property: Loss Payee Name: Loss Payee Address:		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Property Loss Condition in **Section I - Property**, as shown in the Declarations or in the Schedule:

A. Loss Payable

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

1. Adjust losses with you; and

2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

B. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in that Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure for similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this policy at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of **Section I - Property** will then apply directly to the Loss Payee.

- d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount

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

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

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we do not renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

C. Contract Of Sale Clause

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

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

D. Building Owner Loss Payable Clause

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – ACCESS OR DISCLOSURE OF
CONFIDENTIAL OR PERSONAL INFORMATION AND
DATA-RELATED LIABILITY – WITH LIMITED
BODILY INJURY EXCEPTION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

- A. Exclusion B.1.q. of Section II – Liability** is replaced by the following:

This insurance does not apply to:

**q. Access Or Disclosure Of Confidential Or
Personal Information And Data-related
Liability**

- (1)** Damages, other than damages because of "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2)** Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

However, unless Paragraph **(1)** above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, 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.

B. The following is added to Paragraph B.1.p. Personal And Advertising Injury Exclusion of Section II – Liability:

This insurance does not apply to:

p. Personal And Advertising Injury

"Personal and advertising injury":

Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – UNMANNED AIRCRAFT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

<input type="checkbox"/>	Bodily Injury And Property Damage: Paragraph A. in this endorsement does not apply if an "X" is shown in the box.
<input type="checkbox"/>	Personal And Advertising Injury: Paragraph B. in this endorsement does not apply if an "X" is shown in the box.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

Section II – Liability is amended as follows:

A. Exclusion **B.1.g.** is replaced by the following:

This insurance does not apply to:

g. Aircraft, Auto Or Watercraft

(1) Unmanned Aircraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph **g.(1)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This Paragraph **g.(2)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph **g.(2)** does not apply to:

- (a) A watercraft while ashore on premises you own or rent;
- (b) A watercraft you do not own that is:
 - (i) Less than 51 feet long; and
 - (ii) Not being used to carry persons or property for a charge;
- (c) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (d) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (e) "Bodily injury" or "property damage" arising out of:
 - (i) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
 - (ii) The operation of any of the following machinery or equipment:
 - i. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - ii. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

B. The following is added to Exclusion B.1.p. Personal And Advertising Injury:

This insurance does not apply to:

p. Personal And Advertising Injury

"Personal and advertising injury":

Arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the offense which caused the "personal and advertising injury" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This exclusion does not apply to:

- (1) The use of another's advertising idea in your "advertisement"; or
- (2) Infringing upon another's copyright, trade dress or slogan in your "advertisement".

C. The following definition is added to Paragraph F. Liability And Medical Expenses Definitions:

"Unmanned aircraft" means an aircraft that is not:

- 1. Designed;
- 2. Manufactured; or
- 3. Modified after manufacture;

to be controlled directly by a person from within or on the aircraft.

BUSINESSOWNERS UNMANNED AIRCRAFT ENDORSEMENTS ADVISORY NOTICE TO POLICYHOLDERS

This Notice does not form part of your policy. No coverage is provided by this Notice nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this Notice, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

Carefully read your policy, including the endorsements attached to your policy.

This Notice provides information, concerning the following new endorsements, which applies to your renewal policy being issued by us:

BP 15 11 – Exclusion – Unmanned Aircraft

When this endorsement is attached to your policy, unless the Schedule indicates otherwise, liability coverage is excluded with respect to bodily injury and property damage arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft. Unless the Schedule indicates otherwise, the attachment of this endorsement will result in a reduction in bodily injury and property damage coverage to the extent that:

1. An exposure exists with respect to unmanned aircraft that are **not** owned or operated by or rented or loaned to any insured; or
2. Liability is assumed under any insured contract for the ownership, maintenance or use of unmanned aircraft.

In addition, unless the Schedule indicates otherwise, this endorsement excludes liability coverage with respect to personal and advertising injury arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft, with certain exceptions. Unless the Schedule indicates otherwise, the attachment of this endorsement will result in a reduction in personal and advertising injury liability coverage, to the extent that an exposure exists with respect to unmanned aircraft. However, the attachment of this endorsement would **not** result in a reduction of coverage with respect to the use of another's advertising idea in your advertisement or to infringing upon another's copyright, trade dress or slogan in your advertisement.

BP 15 12 – Limited Coverage For Designated Unmanned Aircraft

When this endorsement is attached to your policy, liability coverage is excluded with respect to bodily injury and property damage arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft, with the exception of unmanned aircraft that are designated under Section **A.** of the Schedule of the endorsement, but only related to operations or projects that are also designated under Section **A.** of the Schedule.

The attachment of this endorsement will result in a broadening of bodily injury and property damage liability coverage with respect to designated unmanned aircraft under Section **A.** of the Schedule of the endorsement that are owned or operated by or rented or loaned to any insured, but only with respect to designated operations or projects.

However, the attachment of this endorsement will result in a reduction in such coverage to the extent that:

- An exposure exists with respect to unmanned aircraft that are **not** owned or operated by or rented or loaned to any insured; or
- Liability is assumed under any insured contract for the ownership, maintenance or use of unmanned aircraft; with respect to unmanned aircraft that are:
 - **Not** designated in the Schedule of the endorsement; or

- Designated in the Schedule of the endorsement, with respect to operations or projects that are **not** designated in the Schedule of the endorsement.

In addition, this endorsement excludes liability coverage with respect to personal and advertising injury arising out of the ownership, maintenance, use or entrustment to others of any unmanned aircraft, with the exception of unmanned aircraft that are designated under Section **B.** of the Schedule of the endorsement, but only related to operations or projects that are also designated under Section **B.** of the Schedule. The attachment of this endorsement will result in a reduction in such coverage to the extent that an exposure exists with respect to unmanned aircraft, but only if such unmanned aircraft are:

- **Not** designated in the Schedule of the endorsement; or
- Designated in the Schedule of the endorsement, with respect to operations or projects that are **not** designated in the Schedule of the endorsement.

However, the attachment of this endorsement would **not** result in a reduction of coverage with respect to the use of another's advertising idea in your advertisement or to infringing upon another's copyright, trade dress or slogan in your advertisement.

CALIFORNIA PREMIUM REFUND DISCLOSURE NOTICE

In accordance with CAL. INS. CODE § 481.(c), we are notifying you that in the event that the first Named Insured cancels the insurance policy, we shall retain 10% of the unearned premium. The premium refunded to you will therefore be calculated as 90% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 90% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

If you have an Equipment Breakdown policy or your policy contains an Equipment Breakdown Coverage Part, then the following premium refund calculation applies instead of that provided in the preceding paragraph. For the Equipment Breakdown policy premium or for the premium attributable to the Equipment Breakdown Coverage Part, we shall retain 25% of the unearned premium. The premium refunded to you will therefore be calculated as 75% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 75% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

However, the penalties set forth in the preceding paragraphs will not apply under the following circumstances, even if the first Named Insured cancels the policy:

1. The Insured(s) no longer has a financial or insurable interest in the property or business operation that is the subject of insurance;
2. Cancellation takes place after the first year for a prepaid policy written for a term of more than one year; or
3. The policy is rewritten in the same insuring company or company group.

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.

POLICY NUMBER: BBP0010190-00
Issuing Company: General Casualty Company
of Wisconsin

AH QBCU-9000 (10 18)
Named Insured: The Bungalow
Restaurant LLC



NOTICE TO POLICYHOLDERS – FRAUD WARNINGS

Fraud Warnings

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Notice to Alaska residents:“A person who knowingly and with intent to injure, defraud, or deceive an insurance company, files a claim containing false, incomplete, or misleading information may be prosecuted under state law.”

Notice to Arizona residents:“For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.”

Notice to California residents:“For your protection California law requires the following to appear on this form. Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.”

Notice to Colorado residents:“It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.”

Notice to District of Columbia residents:WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

Notice to Delaware residents:“Any person who knowingly, and with intent to injure, defraud, or deceive any insurer, files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony.”

Notice to Florida residents:“Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.”

Notice to Idaho residents:“Any person who knowingly and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony.”

Notice to Indiana residents:“A person who knowingly and with intent to defraud an insurer files a statement of claim containing any false, incomplete, or misleading information commits a felony.”

Notice to Kansas residents:“A ‘fraudulent insurance act’ means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented, or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.”

Notice to Kentucky residents:Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime

Notice to Maryland residents:Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

Notice to Maine residents:"It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits."

Notice to Minnesota residents:A person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime."

Notice to New Hampshire residents:Any person who, with a purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20."

Notice to New Jersey residents:Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties." "Any person who knowingly files a statement of claim containing any false or misleading information is subject to criminal and civil penalties."

Notice to New Mexico residents:Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties."

Notice to New York residents:"Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each violation."

Notice to Ohio residents:Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud."

Notice to Oklahoma residents:WARNING: Any person who knowingly, and with intent to injure, defraud, or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete, or misleading information is guilty of a felony."

Notice to Pennsylvania residents:Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

Notice to Tennessee, Virginia, and Washington residents:It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits."

Notice to Texas residents:Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison."

BUSINESSOWNERS ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION EXCLUSIONS

ADVISORY NOTICE TO POLICYHOLDERS

This Notice does not form part of your policy. No coverage is provided by this Notice nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this Notice, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

Carefully read your policy, including the endorsements attached to your policy.

This Notice provides information concerning the following new and revised endorsements, which applies to your renewal policy being issued by us:

BP 15 04 05 14 – Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability – With Limited Bodily Injury Exception

When this endorsement is attached to your policy:

- With respect to liability for Bodily Injury and Property Damage, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage.
- With respect to liability for Personal And Advertising Injury, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

BP 15 05 05 14 – Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability – Limited Bodily Injury Exception Not Included

When this endorsement is attached to your policy:

- With respect to liability for Bodily Injury and Property Damage, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage. However, when this endorsement is attached, it will result in a reduction of coverage due to the deletion of an exception with respect to damages because of bodily injury arising out of loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.
- With respect to liability for Personal And Advertising Injury, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

BP 15 06 05 14 – Exclusion – Access Or Disclosure Of Confidential Or Personal Information (Personal And Advertising Injury Only)

When this endorsement is attached to your policy, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

BP 05 95 – Electronic Data Liability – Limited Coverage

With respect to damages arising out of access or disclosure of confidential or personal information, when this endorsement is attached to your policy:

- With respect to liability for Bodily Injury and Property Damage, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage.
- With respect to liability for Personal And Advertising Injury, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

BP 05 96 – Electronic Data Liability – Broad Coverage

With respect to the coverage provided by this endorsement, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage.

However, to the extent that damages arising out of theft or unauthorized viewing, copying, use, corruption, manipulation or deletion, of electronic data by any Named Insured, past or present employee, temporary worker or volunteer worker of the Named Insured may extend beyond loss of electronic data arising out of such theft or the other listed items, this revision may be considered a reduction in coverage.

Important Policyholder Notice

California Community Service Statement

Dear Policyholder,

Thank you for trusting QBE North America with your important insurance protection. As your insurer, we want to take this opportunity to advise you of a requirement mandated by the California Department of Insurance.

The California Department of Insurance has requested that you voluntarily provide the information requested on the attached California Community Service Statement. This information will **only** be used to monitor our compliance with the law. It **will not** be used for purposes of underwriting or rating.

We request you complete and return the attached California Community Service Statement to the address listed below:

QBE North America
California Community Service Statement
Bldg 200 R243 – **Incoming Audit**
One QBE Way
Sun Prairie, WI 53596

We value your business and appreciate the opportunity to continue your important insurance protection.

Thank you for your cooperation.

California Community Service Statement

Race, National Origin and Gender Questionnaire

Company Name General Casualty Company of Wisconsin

Policyholder Number (for New Business Only) BBP0010190-00

This information is requested by the State of California in order to monitor the insurer's compliance with the law. All new policyholders are requested to voluntarily provide the following information.

No such information shall be used for purposes of underwriting or rating any policyholder.

Policyholder's Name and Address (to be provided in order to refer back to the policy)

Note: use additional forms if needed.

The Bungalow Restaurant LLC

2441 E Coast Hwy

Corona del Mar, CA, 92625

Policy Type

☐ Commercial Multi-Peril

☐ Fire Commercial

☐ If policyholder does not wish to provide the Department of Insurance with this information, please check here.

Check the Race or National Origin as it applies to the policyholder(s). For the purpose of completing this form, the policyholder is defined as: an individual, spouse, domestic partner, or business partner(s) named on the policy.

	Policyholder			Co-Policyholder		
	Male	Female	Business	Male	Female	Business
African-American	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
American Indian or Alaskan Native	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asian/Pacific Islander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Latino	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Policyholder Notice

How to Report a Claim

To report a claim, call toll free **1.844.723.2524**

When reporting a claim, provide:

- Policy number
- Date of loss
- Facts surrounding the loss
- Police/fire department information

You can also report a claim directly to your agent.

EXHIBIT 3

ORANGE COUNTY OPERATIONAL AREA
EMERGENCY OPERATIONS CENTER

FOR IMMEDIATE RELEASE

Molly Nichelson
EOC Public Information Officer
714-628-7062

PRESS RELEASE # 007

Date: 3-17-20 Time: 14:26 hours

**County Health Officer Issues Order
to Slow Spread of COVID-19**

County Health Officer Dr. Nichole Quick issued a Health Officer's Order today to protect the health and wellbeing of Orange County, CA residents.

"We are taking these mitigation steps in line with a directive issued by Governor Newsom to help slow the spread of COVID-19," said Dr. Nichole Quick, County Health Officer. "We recognize community members may experience anxiety related to the social disruption caused by COVID-19, and want to encourage residents to reach out to loved ones using appropriate methods like telephone, video messaging, email and text."

Please see the attached order for further details.

As this is a rapidly evolving situation, this Order may be revised and/or extended at any time.

For general information about COVID-19, please call the OC Health Care Agency's (H.CA) Health Referral Line at (800) 564-8448, visit <http://www.ochealthinfo.com/novelcoronavirus>, or follow the HCA on Facebook (@ochealthinfo) and Twitter (@ochealth).

For any further questions, please call the County of Orange Public Information Hotline at (714) 628-7085.

Release authorized by: Jenice Watt Title: DES/CEO

Email or Faxed/time: 14:51

Media Station: _____

Sent by: [Signature] Date/Time: 3/17/20 14:51

ORDER OF THE LOCAL HEALTH OFFICER

Pursuant to California Health and Safety Code sections 101040, 120175, and 120175.5 (b), the Orange County Health Officer ORDERS AS FOLLOWS:

Effective immediately and continuing until 11:59 p.m. on March 31, 2020, the following will be in effect in Orange County:

1. All public and private gatherings of any number of people, including at places of work, occurring outside a single household or living unit are prohibited. However, nothing in this Order prohibits the gathering of members of a household or living unit.
 - a. This prohibition applies to all professional, social, and community gatherings, regardless of their sponsor, that are not engaged in Essential Activities, as defined below. Gatherings that involve Essential Activities should only be conducted when they cannot not be postponed or achieved without gathering, meaning that some other means of communication cannot be used to perform the Essential Activity. For gatherings involving Essential Activities, maintaining a six-foot separation of Social Distancing between persons, except family members, is recommended to the greatest extent possible.
 - b. "Essential Activities" include:
 - i. All services needed to ensure the continuing operation of the government agencies and provide for the health, safety and welfare of the public.
 - ii. Healthcare operations (e.g. hospitals) and essential infrastructure;
 - iii. First responders, emergency management personnel, emergency dispatchers, court personnel, and law enforcement personnel.
 - iv. Grocery stores, certified farmers' markets, farm and produce stands, supermarkets, food banks, convenience stores, and other establishments engaged in the retail sale of canned food, dry goods, fresh fruits and vegetables, pet supply, fresh meats, fish, and poultry, and any other household consumer products (such as cleaning and personal care products). This includes stores that sell groceries and also sell other non-grocery products, and products necessary to maintaining the safety, sanitation, and essential operation of residences;
 - v. Food cultivation, including farming, livestock, and fishing;

- vi. Businesses that provide food, shelter, and social services, and other necessities of life for economically disadvantaged or otherwise needy individuals;
- vii. Newspapers, television, radio, and other media services;
- viii. Gas stations and auto-supply, auto-repair, and related facilities;
- ix. Banks and related financial institutions;
- x. Hardware stores;
- xi. Plumbers, electricians, exterminators, and other service providers who provide services that are necessary to maintaining the safety, sanitation, and essential operation of residences;
- xii. Businesses providing mailing and shipping services, including post office boxes;
- xiii. Educational institutions – including public and private K-12 schools, colleges, and universities – for purposes of facilitating distance learning or performing essential functions, provided that Social Distancing of six-feet per person is maintained to the greatest extent possible;
- xiv. Laundromats, dry cleaners, and laundry service providers;
- xv. Restaurants and other facilities that prepare and serve food, but only for delivery or carry out. Schools and other entities that typically provide free food services to students or members of the public may continue to do so under this Order on the condition that the food is provided to students or members of the public on a pick-up and takeaway basis only. Schools and other entities that provide food services under this exemption shall not permit the food to be eaten at the site where it is provided, or at any other gathering site;
- xvi. Businesses that supply products needed for people to work from home;
- xvii. Businesses that supply other essential businesses with the support or supplies necessary to operate;

- xviii. Businesses that ship or deliver groceries, food, goods or services directly to residences;
- xix. Airlines, taxis, and other private transportation providers providing transportation services;
- xx. Home-based care for seniors, adults, or children;
- xxi. Residential facilities and shelters for seniors, adults, and children;
- xxii. Professional services, such as legal or accounting services, when necessary to assist in compliance with legally mandated activities;
- xxiii. Childcare facilities providing services that enable employees exempted in this Order to work as permitted. To the extent possible, childcare facilities must operate under the following mandatory conditions:
 - 1. Childcare must be carried out in stable groups.
 - 2. Children shall not change from one group to another.
 - 3. If more than one group of children is cared for at one facility, each group shall be in a separate room. Groups shall not mix with each other.
 - 4. Childcare providers shall remain solely with one group of children.

- c. "Social Distancing" is maintaining a six-foot separation from all persons except for family members.
- 2. All bars and other establishments that serve alcohol, and do not serve food, shall close consistent with guidance provided by the California Department of Public Health for Retail Food, Beverage, and Other Related Service Venues.
- 3. All restaurants and other business establishments that serve food shall close all on-site dining consistent with guidance provided by the California Department of Public Health for Retail Food, Beverage, and Other Related Service Venues. All food served shall be by delivery, or through pick-up or drive-thru. Social Distancing shall be required for persons picking up food on site.
 - a. "Social Distancing" is maintaining a six-foot separation from all persons except for family members.

4. A strong recommendation is made that all persons who are 65 years and older, or have a serious chronic medical condition (like heart disease, lung disease, and diabetes), or have a compromised immune system remain at home consistent with guidance provided by the California Department of Public Health on Self-Isolation for Older Adults and Those Who Have Elevated Risk.
5. A strong recommendation is made for persons exhibiting mild to moderate symptoms of COVID-19 to self-isolate themselves in their place of residence unless seeking medical care.
6. All businesses shall enact Social Distancing, increased sanitation standards, and shall make every effort to use telecommuting for its workforce. All businesses shall suspend any policy or procedure requiring doctor verification for sick or other leave approval.
 - a. "Social Distancing" is maintaining a six-foot separation from all persons except for family members.
7. A strong recommendation is made that all residents are to heed any orders and guidance of state and local health officials related to COVID-19.
8. This Order is necessary to protect and preserve the public health from, and prevent, the increasing transmission of COVID-19 in California and the significant risk of widespread introduction and transmission of COVID-19 into the County.
9. Pursuant to Health and Safety Code section 120175.5 (b) all governmental entities in the County shall take necessary measures within the governmental entity's control to ensure compliance with this Order and to disseminate this Order to venues or locations within the entity's jurisdiction where a large gathering may occur.
10. Violation of this Order is subject to fine, imprisonment, or both. (California Health and Safety Code section 120295.)
11. To the extent necessary, this Order may be enforced by the Sheriff or chiefs of police pursuant to Government Code sections 26602 and 41601 and Health and Safety Code section 101029.

As this is a rapidly evolving situation, this Order may be revised and/or extended at any time.

IT IS SO ORDERED:

Date: March 17, 2020


Dr. Nichole Quick
Orange County Health Officer

EMERGENCY REGULATIONS

As Director of Emergency Services for the County of Orange, I am authorized to promulgate regulations for the protection of life and property pursuant to Government Code Section 8634 and Orange County Codified Ordinance Section 3-1-6(b)(1). The following shall be in effect for the duration of the Orange County Health Officer Order issued above which is incorporated in its entirety by reference:

The Orange County Health Officer Order shall be promulgated as a regulation for the protection of life and property.

Any person who violates or who refuses or willfully neglects to obey this regulation is subject to fine, imprisonment, or both. (Government Code section 8665.)

Date: March 17, 2020



Frank Kim
Chief Executive Officer, County of Orange

EXHIBIT 4

ORANGE COUNTY OPERATIONAL AREA
EMERGENCY OPERATIONS CENTER

FOR IMMEDIATE RELEASE

PRESS RELEASE # 010

Date: 3-18-20 Time: 16:40 hours

COUNTY ISSUES AMENDED HEALTH ORDER AND GUIDANCE

The Public Health Order issued by the County Health Officer on March 17, 2020 has been amended in light of new and changing State guidelines and to provide clarity for Orange County residents and businesses. It is important for all Orange County residents and businesses to read the Order and Guidance in its entirety.

It is important for Orange County businesses to remain open while practicing social distancing consistent with the California Department of Public Health's guidance. However, following State guidelines, all bars and other establishments that serve alcohol and do not serve food shall close. All restaurants and other business establishments that serve food shall close all onsite dining. Pickup, delivery and drive thru services may remain open. All movie theatres, gyms, and health clubs shall close.

The strong recommendations in the amended Order and Guidance are intended to be consistent with State guidelines and are made to protect and preserve public health and prevent the spread of COVID-19.

As this is a rapidly evolving situation, the Order and Guidance may be revised and/or extended at any time.

A Frequently Asked Questions (FAQ) document will be released later to provide additional clarification related to the Order and Guidance.

Release authorized by:  Title: DES

Email or Faxed/time: 16:47

Media Station: _____

Sent by:  Date/Time: 3/18/20 16:47

Should you have questions, please contact the County of Orange Public Information Hotline at (714) 628-7085. Please do not call 9-1-1 unless it is an emergency.

For general information about COVID-19, please call the OC Health Care Agency's (HCA) Health Referral Line at (800) 564-8448, visit <http://www.ochealthinfo.com/novelcoronavirus>, or follow the HCA on Facebook ([@ochealthinfo](#)) and Twitter ([@ochealth](#)).

Release authorized by:  Title: DES

Email or Faxed/time: 16:47

Media Station: _____

Sent by:  Date/Time: 3/18/20 16:47



COUNTY HEALTH OFFICER

RICHARD SANCHEZ
DIRECTOR

LILLY SIMMERING
ASSISTANT DIRECTOR

NICHOLE QUICK, MD, MPH
HEALTH OFFICER

405 W. 5TH STREET, 7TH FLOOR
SANTA ANA, CA 92701

PHONE: (714) 834-3155

FAX: (714) 834-5506

E-MAIL: NQuick@ochca.com

AMENDED ORDER AND GUIDANCE OF THE ORANGE COUNTY HEALTH OFFICER [REVISED 3/18/2020]

Pursuant to California Health and Safety Code sections 101040, 120175, and 120175.5 (b), the Orange County Health Officer ORDERS AS FOLLOWS:

1. In light of new written, changing state guidance, this Order revises the prior order issued by the Orange County Health Officer on March 17, 2020. The March 17, 2020, order is no longer in effect as of the effective date and time of this Order.
2. Except as provided herein, nothing in this document prohibits businesses or other entities from operating within Orange County. Businesses and entities should operate in accordance with social distancing guidelines issued by the California Department of Public Health.
3. Effective immediately, and continuing until 11:59 p.m., on March 31, 2020, public or private Gatherings, defined by the California Department of Public Health are prohibited. See, *CDPH Guidance for the Prevention of COVID-19 Transmission for Gatherings*, dated March 16, 2020, available at <https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/cdph-guidance-gatherings-covid19-transmission-prevention-03-16-2020.pdf>

Nothing in this Order prohibits the gathering of members of a household, family, or living unit, or the utilization of caregivers.

4. This Order does not prohibit activities such as attendance at regular school classes, going to work, or performing essential services. In accordance with state guidance, certain activities are essential to the functioning of our County and must continue. Hence, with respect to the prohibition on Gatherings, this Order does not apply to essential public transportation, airport travel, shopping at a store, mall, or farmers' market, or charitable food pantries and distributions, or to congregate living situations, including dormitories and homeless encampments. See, <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/Guidance.aspx>

5. In accordance with written guidance issued on March 16, 2020 by the California Department of Public Health, relating to *Retail Food, Beverage, and Other Related Service Venues*, (1) all bars and other business establishments that serve alcohol and do not serve food shall close; and (2) all movie theatres, gyms, and health clubs shall close. Food and beverage establishments, food trucks, grocery stores and charitable food distribution sites, and certified farmers' markets are required to follow guidance released from the California Department of Public Health on March 16, 2020. All food served shall be by delivery, or through pick-up or drive-through. For purposes of food delivery and pick-up, social distancing, defined as maintaining a six- foot separation per person for non-family members, shall be required.
6. In accordance with *Interim Guidance for Businesses and Employers* issued by the Centers for Disease Control and Prevention, employers shall not require a healthcare provider's note for employees who are sick with acute respiratory illness to validate their illness or to return to work, as healthcare provider offices and medical facilities may be extremely busy and not able to provide such documentation in a timely way.

Guidance

7. A strong recommendation is made that all persons who are 65 years and older, or have a serious chronic medical condition (like heart disease, lung disease, and diabetes), or have a compromised immune system remain at home consistent with guidance provided by the California Department of Public Health on *Self-Isolation for Older Adults and Those Who Have Elevated Risk*.
8. A strong recommendation is made for persons exhibiting mild to moderate symptoms of COVID-19 to self-isolate themselves in their place of residence unless seeking medical care.
9. A strong recommendation is made that all businesses enact social distancing, increased sanitation standards, and make every effort to use telecommuting for its workforce.
10. A strong recommendation is made that all residents are to heed any orders and guidance of state and local health officials related to COVID-19.

General Provisions

11. This Order and Guidance is necessary to protect and preserve the public health from, and prevent, the increasing transmission of COVID-19 in California and the significant risk of widespread introduction and transmission of COVID-19 into the County.


12. Pursuant to Health and Safety Code section 120175.5 (b) all governmental entities in the County shall take necessary measures within the governmental entity's control to ensure compliance with this Order and to disseminate this Order to venues or locations within the entity's jurisdiction where a large gathering may occur.

13. This Order and Guidance shall not supersede any conflicting or more restrictive orders issued by the State of California or Federal governments. If any portion of this Order or the application thereof to any person or circumstance is held to be invalid the remainder of the Order, including the application of such part or provision to other persons or circumstances, shall not be affected and shall continue in full force and effect. To this end, the provisions of this Order are severable.

As this is a rapidly evolving situation, this Order and Guidance may be revised and/or extended at any time.

IT IS SO ORDERED:

Date: March 18, 2020



Dr. Nichole Quick
Orange County Health Officer


EMERGENCY REGULATIONS

As Director of Emergency Services for the County of Orange, I am authorized to promulgate regulations for the protection of life and property pursuant to Government Code Section 8634 and Orange County Codified Ordinance Section 3-1-6(b)(1). The following shall be in effect for the duration of the Orange County Health Officer Order issued above which is incorporated in its entirety by reference:

The Orange County Health Officer Order shall be promulgated as a regulation for the protection of life and property.

Any person who violates or who refuses or willfully neglects to obey this regulation is subject to fine, imprisonment, or both. (Government Code section 8665.)

Date: March 18, 2020



Frank Kim
County Executive Officer
County of Orange

EXHIBIT 5

P.O. Box 975, Sun Prairie, WI 53590
Phone: 608.837.4440 • Toll Free: 800.362.5448
www.qbe.com/us



May 8, 2020

The Bungalow Restaurant LLC
2441 E Coast Hwy,
Corona del Mar, CA 92625

VIA Certified Mail

Re: Claim number: 743108N
Policy number: BBP001019000
Eff. November 14, 2019 - November 14, 2020
Insured name: The Bungalow Restaurant LLC
Insurance company: General Casualty Company of Wisconsin

Dear The Bungalow Restaurant LLC,

I am the claims professional writing on behalf of General Casualty Company of Wisconsin ("we", "us", "our"), a member company of QBE North America, which issued Policy No. BBP001019000 to The Bungalow Restaurant LLC for the period November 14, 2019 to November 14, 2020 (the "Policy"). Please direct all future correspondence to my attention. If you are not the appropriate individual to whom this letter should be addressed, please let me know the appropriate individual and I will send this letter to that person instead.

The purpose of this letter is to advise you of our position regarding coverage under the Policy (the "Claim"). We value our customers and appreciate your business. For the reasons explained below, however, we regret to inform you that the Policy does not provide coverage for this Claim.

In considering the request for coverage, we have reviewed the Policy and the information available to us. **The Policy's relevant terms are attached hereto as Exhibit 1 for convenient review.** Kindly refer to the Policy for its complete terms and conditions. To the extent that any of the quoted policy terms or provisions herein differ from the language contained in the Policy, the Policy controls. No other insurance policies were considered. If you assert a right to coverage under another policy issued by us or any other QBE North America company, please submit notice pursuant to the notice provisions contained in that policy.

We expect that you may have questions regarding our position after reading this letter. Please feel free to contact me with any questions you may have.

RELEVANT FACTUAL BACKGROUND

The following provides a summary of the information provided to us to date.

In our conversation on March 17, 2020, you advised that your business is a restaurant and that your business closed in response to California mandating the closure of restaurants to dine-in customers due to fears of spreading COVID-19. This has caused a loss of income for your business.

COVERAGE POSITION

We understand that you are seeking to make a claim for loss of business income from one or more orders entered by government officials and/or governmental bodies in response to the COVID-19 pandemic and are not seeking coverage for any damage to the property from which you operate your business or for any business personal property. Based upon that understanding, the Policy contains the following coverages relevant to this Claim:

BUSINESS INCOME COVERAGE. This coverage provides that 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 the described premises and the loss or damage must be caused by or result from a Covered Cause of Loss.

EXTRA EXPENSE COVERAGE. This coverage provides that we will pay necessary Extra Expense 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 at the described premises if the loss or damage is caused by or result[s] from a Covered Cause of Loss.

CIVIL AUTHORITY COVERAGE. This coverage provides that 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 when a Covered Cause of Loss causes damage to property other than property at the described premises. To trigger this coverage: (1) access to the area immediately surrounding the damaged property must be prohibited by civil authority as a result of the damage, and the described premises must be within that area but not more than one mile from the damaged property; and (2) the action of the civil authority must be taken either in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or to enable a civil authority to have unimpeded access to the damaged property.

The above-referenced coverages require a covered cause of loss to cause damage to property either at the premises described in the Policy's declarations or to property no farther than one mile from those premises. The Policy defines Covered Cause of Loss to mean Direct physical loss unless the loss is excluded or limited under Section I Property. To the extent that this claim does not involve direct physical loss or damage to property, this Claim would not trigger the Policy's Business Income, Extra Expense, or Civil Authority Coverages.

Regardless, coverage for this Claim is barred by one or more of the Policy's exclusions.

The Policy excludes coverage for loss or damage caused by or resulting from any virus that induces or is capable of inducing physical distress, illness or disease (the Virus Exclusion). As noted above, we understand that the losses giving rise to this Claim were the result of governments ordering people to stay at home to stop or slow the spread of COVID-19. Any loss suffered by your business therefore was directly or indirectly caused by COVID-19, which is documented to induce physical distress, illness, or disease. Accordingly, the Virus Exclusion preclude coverage for this Claim.

CONCLUSION

For the reasons discussed above, the Policy does not provide coverage for the Claim. We therefore deny coverage for this Claim under the Policy.

Our coverage position is based on the information presently available to us. Neither this letter nor our investigation is or should be construed as a waiver of any terms, conditions, exclusions or other provisions of the Policy or any other policies of insurance issued by us or any other QBE North America company. We expressly reserve all of our rights under the Policy, at law, and in equity, including, but not limited to, the right to assert additional defenses to any claims for coverage and to modify its coverage position if subsequent information indicates that such action is warranted.

Should you have any additional information that you feel would either cause us to review our position or would assist us in our investigation, we ask that you advise us as soon as possible. If you wish to have your personal attorney become involved in this matter, at your own expense, please feel free to do so and we will cooperate fully with your attorney.

If you have any other insurance policies that may respond to this claim, you should notify that carrier immediately.

If you disagree with our decision, or believe that your claim has been wrongfully denied, you may have the matter reviewed by a representative of the California Department of Insurance. You can reach the department by writing:

California Department of Insurance
Consumer Communications Bureau
300 South Spring Street, South Tower
Los Angeles, Ca 90013
Phone: 1.800.927.4357 1.213.897.8921

Please be advised that in California the Suit limitation as provided in your policy is 2 years. Under California law, a contractual limitation period begins to run on the date of loss, is tolled when we receive notice of the claim, and continues to run again when we notify you in writing the claim has been concluded. Thus, it is our position that any tolling of the contractual limitation period ends effective the date of this letter.

In closing, we encourage you to contact us if you have any questions or concerns regarding the contents of this letter. You can reach me at 608-478-6304 or Joseph.Murray@us.qbe.com. Thank you for your cooperation in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Joseph Murray", with a long, sweeping horizontal stroke extending to the right.

Joseph Murray
Claims Representative-Property

Direct: 608-478-6304
Fax: 866-251-5389
E-mail: Joseph.Murray@us.qbe.com

Enclosures:

EXHIBIT 1

[If a claim involves Form No. BP 00 03 01 06, use the following]

* * *

BUSINESSOWNERS COVERAGE FORM

SECTION I - PROPERTY**A. Coverage**

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

3. Covered Causes Of Loss

Risks of direct physical loss unless the loss is:

- a. Excluded in Paragraph **B**. Exclusion in Section **I**; or
- b. Limited in Paragraph **4**. Limitations in Section **I**.

5. Additional Coverages

f. Business Income**(1) Business Income**

- (a) 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 or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss or damage to personal property in the open or personal property in a vehicle, the described premises includes 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:

- (i) The portion of the building which you rent, lease or occupy; and
 - (ii) 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.
- (b) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.
 - (c) Business Income means the:

- (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred 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; and
 - (ii) Continuing normal operating expenses incurred, including payroll.
- (d) Ordinary payroll expenses:
- (i) Mean payroll expenses for all your employees except:
 - i. Officers;
 - ii. Executives;
 - iii. Department Managers;
 - iv. Employees under contract; and
 - v. Additional Exemptions shown in the Declarations as:
 - Job Classifications; or
 - Employees.
 - (ii) Include:
 - i. Payroll;
 - ii. Employee benefits, if directly related to payroll;
 - iii. FICA payments you pay;
 - iv. Union dues you pay; and
 - v. Workers' compensation premiums.

(2) Extended Business Income

- (a) 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:
- (i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and
 - (ii) 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 Paragraph (a)(i) above, unless a greater number of consecutive days is shown in the Declarations.

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.

(b) 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.

(3) With respect to the coverage provided in this Additional Coverage, suspension means:

- (a) The partial slowdown or complete cessation of your business activities; or
- (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

(4) This Additional Coverage is not subject to the Limits of Insurance of Section I - Property.

g. Extra Expense

(1) We will pay necessary Extra Expense 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 at the described premises. 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 means expense incurred;

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

- (i) At the described premises; or
- (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.

(b) To minimize the suspension of business if you cannot continue "operations".

(c) To:

- (i) Repair or replace any property; or
- (ii) Research, replace or restore the lost information on damaged "valuable papers and records"

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income.

(3) With respect to the coverage provided in this Additional Coverage, suspension means:

- (a) The partial slowdown or complete cessation of your business activities; or
- (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

(4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section I - Property.

i. Civil Authority

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

This coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for necessary Extra Expense will begin immediately after the time of that action and ends:

(1) 3 consecutive weeks after the time of that action; or

(2) When our Business Income coverage ends;

whichever is later.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance of Section I - Property.

m. Business Income From Dependent Properties

(1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of dependent property caused by or resulting from any Covered Cause of Loss.

However, this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Additional Coverage is \$5,000 unless a higher Limit of Insurance is indicated in the Declarations.

(2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:

(a) Source of materials; or

(b) Outlet for your products.

(3) 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) Dependent property means property owned by others whom you depend on to:

(a) Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;

(b) Accept your products or services; or

(c) Manufacture your products for delivery to your customers under contract for sale; or

- (d) Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.

- (5) The coverage period for Business Income under this Additional Coverage:
 - (a) Begins 72 hours after the time of the direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
 - (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (6) The Business Income coverage period, as stated in Paragraph (5), does not include any increased period required due to the enforcement of any ordinance or law that:
 - (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not reduce the Business Income coverage period

- (7) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

6. Coverage Extensions

In addition to the Limits of Insurance of Section I - Property, you may extend the insurance provided by this policy as provided below.

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, unless a higher Limit of Insurance is shown in the Declarations.

f. Accounts Receivable

- (1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:
 - (a) All amounts due from your customers that you are unable to collect;
 - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (c) Collection expenses in excess of your normal collection expense that are made necessary by loss or damage; and
 - (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

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

- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

(3) Paragraph **B**. Exclusions in Section **I** - Property does not apply to this Coverage Extension except for:

- (a) Paragraph **B.1.c.**, Governmental Action;
- (b) Paragraph **B.1.d.**, Nuclear Hazard;
- (c) Paragraph **B.1.f.**, War And Military Action;
- (d) Paragraph **B.2.f.**, Dishonesty;
- (e) Paragraph **B.2.g.**, False Pretense;
- (f) Paragraph **B.3.**; and
- (g) Paragraph **B.5.**, Accounts Receivable Exclusion.

B. Exclusions

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

b. Consequential Loss

Delay, loss of use or loss of market.

j. Pollution

We will not pay for loss or damage caused by or resulting from the 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".

3. We will not pay for loss or damage caused by or resulting from any of the following Paragraphs **a.** through **c.** But if an excluded cause of loss that is listed in Paragraphs **a.** through **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

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

4. Business Income And Extra Expense Exclusions

a. We will not pay for:

- (1) Any Extra Expense, or increase of Business Income 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".

(2) Any other consequential loss.

b. With respect to this exclusion, suspension means:

- (1) The partial slowdown or complete cessation of your business activities; and
- (2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

5. Accounts Receivable Exclusion

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

- a. Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.
- c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

H. Property Definitions

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

9. "Period of restoration":

a. means the period of time that:

(1) Begins:

(a) 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;

caused by or resulting from any Covered Cause of Loss at the described premises; and

(2) Ends on the earlier of:

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

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

b. 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".

10. "Pollutants" means [INSERT]

12. "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.

14. "Valuable papers and records" means inscribed, printed or written:

a. Documents;

b. Manuscripts; and

c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities".

* * *

[If a claim involves Form No. BP 00 03 07 13, use the following]

BUSINESSOWNERS COVERAGE FORM

SECTION I - PROPERTY

A. Coverage

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

3. Covered Causes Of Loss

Direct physical loss unless the loss is excluded or limited under Section I - Property.

5. Additional Coverages

f. Business Income

(1) Business Income

- (a) 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 the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

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

- (i) The portion of the building which you rent, lease or occupy.
 - (ii) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
 - (iii) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building you rent, lease or occupy.
- (b) We will only pay for your loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.
- (c) Business Income means the:
- (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred 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; and
 - (ii) Continuing normal operating expenses incurred, including payroll.
- (d) Ordinary payroll expenses:
- (i) Means payroll expenses for all your employees except:
 - i. Officers;
 - ii. Executives;
 - iii. Department Managers;
 - iv. Employees under contract; and
 - v. Additional Exemptions shown in the Declarations as:

- Job Classifications; or
- Employees.

(ii) Include:

- i. Payroll;
- ii. Employee benefits if directly related to payroll;
- iii. FICA payments you pay;
- iv. Union dues you pay; and
- v. Workers' compensation premiums.

(2) Extended Business Income

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

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.

- (b) 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.

(3) With respect to the coverage provided in this Additional Coverage, suspension means:

- (a) The partial slowdown or complete cessation of your business activities; or
- (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

(4) The Additional Coverage is not subject to the Limits of Insurance of Section I - Property.

g. Extra Expense

- (1) We will pay necessary Extra Expense 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 at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

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

- (a) The portion of the building which you rent, lease or occupy;
 - (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
 - (c) Any area within the building or at the described premises, if that area services, or used to gain access to, the portion of the building which you rent, lease or occupy.
- (2) Extra Expense means expense incurred:
- (a) To avoid or minimize the suspension of business and to continue "operations":
 - (i) At the described premises; or
 - (ii) At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations.
 - (b) To minimize the suspension of business if you cannot continue "operations".
 - (c) To:
 - (i) Repair or replace any property; or
 - (ii) Research, replace or restore the lost information on damaged "valuable papers and records";

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
- (a) The partial slowdown or complete cessation of your business activities; or
 - (b) That a part or all of the described premises is rendered untenantable, if coverage for Business Income applies.
- (4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section I - Property.

i. Civil Authority

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 or 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 necessary 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.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance of Section I - Property.

m. Business Income From Dependent Properties

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property or secondary dependent property caused by or resulting from any Covered Cause of Loss.

However, this Additional Coverage does not apply when the only loss at the premises of a dependent property or secondary dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property or secondary dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Additional Coverage is \$5,000 unless a higher Limit of Insurance is indicated in the Declarations.

- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
 - (a) Source of materials; or
 - (b) Outlet for your products.
- (3) 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) Dependent property means property owned by others whom you depend on to:
 - (a) Deliver materials or services to you, or to others for your account. But services does not mean water supply services, wastewater removal services, communications supply services or power supply services;
 - (b) Accept your products or services;
 - (c) Manufacture your products for delivery to your customers under contract for sale; or
 - (d) Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.

- (5) Secondary dependent property means an entity which is not owned or operated by a dependent property and which:

- (a) Delivers materials or services to a dependent property, which in turn are used by the dependent property in providing materials or services to you; or
- (b) Accepts materials or services from a dependent property, which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a secondary dependent property.

Any property which delivers any of the following services is not a secondary dependent property with respect to such services:

- (i) Water supply services;
- (ii) Wastewater removal services;
- (iii) Communication supply services; or
- (iv) Power supply services.

The secondary dependent property must be located in the coverage territory of this policy.

(6) The coverage period for Business Income under this Additional Coverage:

- (a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property or secondary dependent property; and
- (b) Ends on the date when the property at the premises of the dependent property or secondary dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

(7) The Business Income coverage period, as stated in Paragraph (6), does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

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

The expiration date of this policy will not reduce the Business Income coverage period.

(8) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

6. Coverage Extensions

In addition to the Limits of Insurance of Section I - Property, you may extend the insurance provided by this policy as provided below.

Except as otherwise provided, the following exclusions 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:

f. Accounts Receivable

- (1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:

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

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

- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

- (3) Paragraph B. Exclusions in Section I - Property does not apply to this Coverage Extension except for:

- (a) Paragraph B.1.c., Governmental Action;
- (b) Paragraph B.1.d., Nuclear Hazard;
- (c) Paragraph B.1.f., War And Military Action;
- (d) Paragraph B.2.f., Dishonesty;
- (e) Paragraph B.2.g., False Pretense;
- (f) Paragraph B.3.; and
- (g) Paragraph B.6., Accounts Receivable Exclusion.

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. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

j. Virus Or Bacteria

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damages is addressed in Exclusion i.
- (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".

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

b. Consequential Losses

Delay, loss of use or loss of market.

j. Pollution

We will not pay for loss or damage caused by or resulting from the 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".

3. We will not pay for loss or damage caused by or resulting from any of the following Paragraphs **a. through c.** But if an excluded peril that is listed in Paragraphs **a. through 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

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

5. Business Income And Extra Expense Exclusions

- a.** We will not pay for:

(1) Any Extra Expense, or increase of Business Income 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 strikes 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.

(2) Any other consequential loss.

- b.** With respect to this exclusion, suspension means:

- (1) The partial slowdown or complete cessation of your business activities; and
- (2) That a part or all of the described premises is rendered untenable, if coverage for

Business Income applies.

6. Accounts Receivable Exclusion

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

- a. Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.
- c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

H. Property Definitions

- 8. "Operations" means your business activities occurring at the described premises.

- 9. "Period of restoration":

- a. Means the period of time that:

(1) Begins:

(a) 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;

caused by or resulting from any Covered Cause of Loss at the described premises; and

(2) Ends on the earlier of:

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

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

- b. Does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

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

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

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

- 10. "Pollutants" means any solid liquid, gaseous, or thermal irritant or contaminant, including smoke,

vapor soot, fumes, acids, alkalis, radiation or radioactive contamination, dioxins, polychlorinated biphenols, pathogenic or poisonous biological or chemical materials and waste. Waste includes materials to be recycled, reconditioned or reclaimed.[]

12. "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.

14. "Valuable papers and records" means inscribed, printed or written:

a. Documents;

b. Manuscripts; and

c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities".

¹ As amended by the Policy's "Pollutants Definition Amendment" Endorsement [Form No. [INSERT]].

* * *

[For claims outside of New York, use the following if applicable]

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

BUSINESS OWNERS COVERAGE FORM

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under **Section I - Property** in all forms and endorsements that comprise this Businessowners Policy, except as provided in Paragraph **C.** This includes but is not limited to all forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that includes or is capable of inducing physical distress, illness or disease.
- C.** However, the exclusion in Paragraph **B.** does not apply to the following:
 - 1.** Loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Businessowners Policy; or
 - 2.** Coverage otherwise provided under Food Contamination Endorsement **BP 04 31** (if that endorsement is attached to this Businessowners Policy); or
 - 3.** Coverage otherwise provided under the Food Contamination Additional Coverage in Restaurants Endorsement **BP 07 78** (if that endorsement attached to this Businessowners Policy).
- D.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".

- E.** The following provisions in this Businessowners Policy are hereby amended to remove reference to bacteria:
- 1.** Exclusion of "Fungi", Wet Rot, Dry Rot And Bacteria; and
 - 2.** Additional Coverage - Limited Coverage For "Fungi", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- F.** The terms of the exclusion in Paragraph **B.** or the inapplicability of this exclusion to a particular loss do not serve to create coverage for any loss that would otherwise be excluded under this Businessowners Policy.

* * *

[For New York claims, use the following if applicable]

NEW YORK - EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

- A. The exclusion set forth in Paragraph **B.** applies to all coverage under **Section I - Property** in all forms and endorsements that comprise this Businessowners Policy, except as provided in Paragraph **C.** This includes but is not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- C. However, the exclusion in Paragraph **B.** does not apply to the following:
 - 1. Loss or damage caused by or resulting from fungus. Such loss or damage is addressed in a separate exclusion in this Businessowners Policy; or
 - 2. Coverage otherwise provided under Food Contamination Endorsement **BP 04 31** (if that endorsement is attached to this Businessowners Policy); or
 - 3. Coverage otherwise provided under the Food Contamination Additional Coverage in New York - Restaurants Endorsement **BP 07 82** (if that endorsement is attached to this Businessowners Policy).
- D. The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Businessowners Policy.

* * *

[If the policy includes Form No. AH BP 81 83 09 17, use the following]

NUCLEAR, BIOLOGICAL, CHEMICAL AND RADIOLOGICAL HAZARDS EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

- I. We will not pay for any loss, damage, cost or expense, whether real or alleged, that is caused, results from, is exacerbated by or otherwise impacted by, either directly or indirectly, any of the following:

- (2) **Biological Hazard** - including, but not limited to, any biological and/or poisonous or pathogenic agent, material, product or substance, whether engineered or naturally occurring, that induces or is capable of inducing physical distress, illness, or disease;

- II. The provisions of subparagraphs I. (2) and I. (3) will not apply where the agent, material, product or substance at issue is utilized in the course of business by an insured.
- III. Only if and to the extent required by state law, the following exception to the exclusion in paragraph I. applies:

If a hazard excluded under paragraph I. results in fire, we will pay for the loss, damage, cost or expense caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. This

coverage does not apply to insurance provided under Business Income, Rental Value or Extra Expense coverage forms or endorsements that apply to those coverage forms.

All other terms and conditions of this policy remain unchanged.

* * *

[If the policy includes Form No. BP 71 83 08 15, use the following]

NUCLEAR, BIOLOGICAL, CHEMICAL AND RADIOLOGICAL HAZARDS EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

- I. We will not pay for any loss, damage, cost or expense, whether real or alleged, that is caused, results from, is exacerbated by or otherwise impacted by, either directly or indirectly, any of the following:

- (2) **Biological Hazard** - including, but not limited to, any biological and/or poisonous or pathogenic agent, material, product or substance, whether engineered or naturally occurring, that induces or is capable of inducing physical distress, illness or disease;

- II. The provisions of subparagraphs I. (2) and I. (3) will not apply where the agent, material, product or substance at issue is utilized in the course of business by an insured.

- III. Only if and to the extent required by state law, the following exception to the exclusion in paragraph I. applies:

If a hazard excluded under paragraph I. results in fire, we will pay for the loss, damage, cost or expense caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. This coverage does not apply to insurance provided under Business Income, Rental Value or Extra Expense coverage forms or endorsements that apply to those coverage forms.

All other terms and conditions of this policy remain unchanged.

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