

IN THE CIRCUIT COURT OF THE 11TH
JUDICIAL CIRCUIT IN AND FOR
MIAMI-DADE COUNTY, FLORIDA

CASE NO.

NZR, LLC,
a Florida limited liability company,

Plaintiff,

v.

ARCH SPECIALTY INSURANCE
COMPANY, a Missouri corporation,

Defendant.

COMPLAINT

Plaintiff NZR, LLC sues Defendant Arch Specialty Insurance Company (“Arch”) and states:

JURISDICTION, PARTIES AND VENUE

1. This is a civil action for breach of an insurance contract, costs, and attorneys’ fees in excess of Thirty Thousand Dollars (\$30,000.00).
2. Plaintiff NZR, LLC is a Florida limited liability company and the operator of a restaurant located in Miami-Dade County, Florida.
3. Defendant is an Illinois corporation authorized to conduct business in Florida.
4. Venue lies in Miami-Dade County, Florida pursuant to Fla. Stat. § 47.051 because Arch has agents in Miami-Dade County, this is where the cause of action accrued, this is where the insurance contract was issued, and where the named insured is located. *See also* Fla. Stat. § 47.011; Fla. Stat. § 47.041.

5. This Court has personal jurisdiction over Defendant pursuant to Fla. Stat. § 48.193(1)(a) because Plaintiff's claim arises out of Defendant conducting, engaging in and carrying on business in Florida; Defendant breaching an insurance contract in Florida by failing to perform contractual obligations that the contract requires to be performed in Florida; and Defendant contracting to insure Plaintiff's insureds' premises and other properties, which are located in Florida. Furthermore, the Plaintiff is a Florida company located in Miami, Florida.

6. All conditions precedent to this action have occurred, have been performed or have been waived.

FACTS

A. Background

7. People and businesses buy insurance to help themselves when disaster occurs.

8. People and businesses know that they are at their most vulnerable and desperate condition in the wake of disasters like the current pandemic. Insurance companies know it too.

9. Unlike most other types of commercial contracts, the insurance contract contains mutual obligations.

10. The insurance company, including Defendant herein, promises that it will provide money when most needed after a covered loss in the event of a disaster.

11. The insurance company, including Defendant herein, promises, warrants and sells "peace of mind" that in the unlikely event of a catastrophe or disaster, such as a pandemic, the policy holder will be fully and promptly indemnified.

12. For years and even decades, the vast majority of people and businesses that carry business interruption insurance have faithfully paid their premiums and have never made a claim. Now that there is a catastrophic business interruption caused by a national health pandemic and

government-ordered business shutdowns, their claims are denied. Like Plaintiff, many people and businesses are relying on their business interruption insurance to cover what it is supposed to cover – loss of income and ongoing expenses – to get through this crisis and rebuild their businesses.

13. Plaintiff, like any business, is about commerce that involves hiring employees, contracting with suppliers and selling to customers. The business counts on current income and future income from operations to remain operational, and insurance coverage when operations are suspended due to disasters.

14. Policyholders are dependent on performance by the insurance company when they are most vulnerable. Dependence here arises from the policyholders' financial desperation combined with a state of mind focused on managing the fallout from the disaster.

15. When the insurance company fails to fulfill its obligations timely and completely, the policyholder suffers contractual damages and harm to the existence of its business.

16. In order to protect its business and its income from losses, Plaintiff obtained an insurance policy (the "Policy") from Arch.

17. Plaintiff purchased this commercial property insurance policy, with policy number ESP7304358-01, effective April 2, 2019. *See* Exhibit A. The Policy protects against, among other risks, business losses and extra expenses that result from an involuntary interruption of business operations.

18. The Policy period runs until April 2, 2020 (renewed through 2021), and insures Plaintiff's commercial property, the restaurant at which Plaintiff conducts its business operations. The Policy is in full effect as Plaintiff has faithfully paid the premiums due which Defendant accepted.

19. The Policy is a contract whereby Plaintiff agreed to pay monthly premiums in exchange for Defendant's promises of coverage for business income losses, including coverage for losses due to the involuntary suspension of business operations.

20. Beginning in March 2020, Plaintiff was forced to suspend full business operations at the covered restaurant as a result of the national healthcare crisis and national emergency proclaimed to deal with the strain placed on the nation's healthcare system from the COVID-19 pandemic and resultant civil authority orders, which prohibited Plaintiff from serving guests at its restaurant in order to prevent the restaurant guests from becoming endangered by coming into contact with other people. This ongoing suspension has caused Plaintiff to suffer significant business income losses and to incur significant expenses.

21. Specifically, Defendant is in breach by refusing coverage for the suspension of business that resulted from the national COVID-19 pandemic disaster. Defendant is obligated under the Policy to cover and pay these losses and expenses but has refused to do so.

B. Relevant Policy Provisions

22. The Policy is an all-risk commercial property insurance policy that provides coverage for physical loss of the insured property from all risks unless expressly excluded by language in the body of the Policy or through a separate exclusion endorsement. There is no exclusion in the Policy for business interruption caused by a natural disaster and the declaration of a national emergency and urgent lock down of non-essential businesses and at-home quarantine of the vast majority of the national population due to a global pandemic and need to lessen the strain on the nation's healthcare system by restricting access to places where the population can be exposed to this physically dangerous condition.

23. The Policy defines Plaintiff's covered property as "Business Income" for which it will pay for the loss caused by or resulting from any "Covered Cause of Loss."

24. The Business Income coverage provides that Defendant will pay for the actual loss of business income Plaintiff sustains due to the necessary suspension of its operations during a period of restoration which ends when business operations return to normal.

25. The Policy defines operations as Plaintiff's "business activities occurring at the described premises."

26. The Policy defines business income as "Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss had occurred...."

27. The Policy also provides for coverage for "Extended Business Income" where the necessary suspension of operations produces a business income loss up to the time normal business operations resume.

28. The Policy includes coverage for Extra Expense, providing that Defendant will pay the necessary expenses Plaintiff incurs that it would not have incurred if there had been no loss of the property.

29. The Policy includes coverage for actions of Civil Authority, providing Defendant will pay for the actual loss of Business Income and incurred Extra Expenses at the premises caused by the action of civil authority that prohibits access to the premises in response to dangerous physical conditions.

C. Plaintiff Has Suffered and Continues to Suffer a Loss Under the Policy

30. On March 9, 2020 Governor Ron DeSantis issued Executive Order 20-52 concerning the public health emergency posed by the COVID-19 pandemic, citing his authority to declare a state of emergency under Chapter 267 (1)(a), Florida Statutes which is intended to

provide emergency measures to protect residents from disasters that threaten life, health and safety and damage to property.

31. On March 13, 2020, President Donald Trump declared a national state of emergency over the COVID-19 pandemic, effective March 1, 2020, wherein he directed that “hospitals and medical facilities throughout the country assess their preparedness posture and be prepared to surge capacity and capability.”

32. On March 17, 2020 Miami-Dade Mayor Carlos Gimenez issued Emergency Order 3-20, declaring a county-wide state of emergency due to COVID-19, severely restricting or closing non-essential businesses in Miami-Dade County.

33. On March 19, 2020 Miami-Dade Mayor Carlos Gimenez issued Emergency Order 7-20, extending the state of county-wide emergency, citing the need to “slow the spread” of COVID-19 and providing further detail on business limitations.

34. On March 20, 2020 Governor DeSantis issued Executive Order 20-70, relating to the COVID-19 pandemic, closing restaurants in certain other South Florida counties (other than for deliveries and takeout), bars, taverns, pubs, night clubs, banquet halls, cocktail lounges, cafeterias, movie theaters, concert houses, auditoriums, playhouses, bowling alleys, arcades, gymnasiums, and fitness studios.

35. Then, on March 30, 2020 Governor DeSantis issued Executive Order 20-89, explicitly limiting access to businesses in South Florida:

I hereby order Miami-Dade County, Broward County, Palm Beach County and Monroe County to restrict public access to businesses and facilities deemed non-essential pursuant to the guidelines established by Miami-Dade County pursuant to its March 19, 2020 Emergency Order 07-20, and as modified by subsequent amendments and orders prior to the date of this order.

36. Other similar state and local civil authority orders have issued that close or restrict access to all non-essential business operations or prohibit public access to the property of non-essential businesses where the individuals gather in close proximity to each other in order to protect the public from the dangerous condition of contracting the respiratory illness named COVID-19.

37. The civil authority orders expressly state that the closing of non-essential businesses, reductions in permitted operating hours, and social distancing restrictions placed on the public are necessary emergency measures to protect the health and safety of all residents in Florida due to the spread of COVID-19 through human-to-human and surface-to-human contact with the coronavirus.

38. The COVID-19 pandemic is tantamount to a “natural disaster.” Like other specific disasters, such as hurricanes or earthquakes, it involves substantial damage to property, hardship, suffering, and loss of life.

39. Unsurprisingly, already, at least one State Supreme Court has recognized, in *Friends of DeVito v. Wolf*, that the damage caused by the COVID-19 pandemic is indistinguishable from those caused by earthquakes, fires and the other casualty events:

We agree with Respondents that the COVID-19 pandemic qualifies as a “natural disaster” under the Emergency Code...

2020 Pa. LEXIS 1987, at *31 (Pa. April 13, 2020).

40. Losses from disasters are what property-based insurance coverage has always been intended to cover.

41. The nature of Plaintiff’s business is a restaurant open to the public and a place where individuals socialize and gather in close proximity. The intended purpose of the restaurant is to provide a safe environment for its guests to use and enjoy.

42. As a direct result of the existence of the national COVID-19 emergency, and orders to close non-essential businesses in South Florida and throughout the country, Plaintiff's restaurant became unsafe for the public to use. Thus, Plaintiff lost the physical use of the insured restaurant, suffering a significant physical loss of its business income and incurred extra expenses. The loss continues.

43. Further, the civil authority actions restricting the public from accessing Plaintiff's premises and the area surrounding it resulted from unsafe and dangerous physical conditions present at the restaurant which caused a suspension of Plaintiff's full business operations and loss of business income. There are over 16,000 reported cases of COVID-19 that have been reported in Miami-Dade County. This shows that the population is vulnerable to contracting COVID-19 throughout the county, and that dangerous conditions permeate all property, including the areas surrounding Plaintiff's premises.

44. Specifically, the civil authority orders have denied access to the premises, prevented customers from physically occupying the premises, caused the premises to be physically uninhabitable by customers, caused its intended purpose and function to be nearly eliminated or destroyed, and caused the suspension of the majority of business operations.

D. Plaintiff Has Suffered and Continues to Suffer a Loss Under the Policy, But Was Denied Coverage

45. The business income losses Plaintiff has and continues to suffer, and the extra expenses Plaintiff has incurred are covered under the Policy, yet on May 14, 2020 Defendant denied coverage despite Plaintiff's timely notice of its claim.

46. Due to the proclaimed national disaster, state and local state of emergency declarations, and related civil authority orders intended to keep the public safe, Plaintiff has suffered business income losses from the reduction and suspension of business operations, and has incurred extra expenses.

47. These losses and expenses have continued through the date of filing of this action as the restaurant operations remain suspended or severely reduced.

48. Plaintiff's lost business income and extra expenses due to a national disaster have not been excluded from coverage. Plaintiff is entitled to be indemnified by Defendant for its business income losses and expenses incurred.

49. Thus, Defendant is in breach of the Policy for denying coverage.

COUNT I

BREACH OF CONTRACT

50. Plaintiff incorporates by reference paragraphs 1 – 49 as though fully set forth herein.

51. Plaintiff has a commercial property insurance policy issued by Defendant.

52. Plaintiff has performed all its obligations as specified by the Policy including the payment of all premiums due.

53. Plaintiff's Policy provides coverage for business income loss, extended business income loss, and extra expense for unexpected and unexcluded covered causes of loss.

54. As stated above, Plaintiff had to involuntarily close its insured premises to the public and cease or substantially reduce its operations due to the national healthcare disaster and COVID-19 emergency and resulting measures put in place by civil authority orders and thus has incurred substantial business income losses and extra expenses.

55. Defendant denied and refused to provide coverage for Plaintiff's business income losses and extra expenses.

56. As a result of the Defendant's breach of the Policy, Plaintiff has suffered actual damages.

WHEREFORE, Plaintiff seeks compensatory damages resulting from Defendant's breach of contract, an appraisal to determine the amount of Plaintiff's damages, and further seeks all relief deemed appropriate by this Court, including attorneys' fees and costs.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against the Defendant as follows:

- (1) Awarding Plaintiff compensatory damages from the Defendant's breach of the insurance contract in an amount to be determined at trial or appraisal ordered by this Court, together with appropriate prejudgment interest at the maximum rate allowable by law;
- (2) Awarding Plaintiff costs and disbursements and reasonable allowances for the fees of Plaintiff's experts, and reimbursement of expenses;
- (3) Awarding Plaintiff attorneys' fees pursuant to Fla. Stat. § 627.428; and
- (4) Awarding such other and further relief the Court deems just, proper, and equitable.

DEMAND FOR A JURY TRIAL

Plaintiff requests a jury trial for any and all Counts for which a trial by jury is permitted by law.

Respectfully submitted June 11, 2020.

/s/ Javier A. Lopez

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Counsel for Plaintiff

Exhibit A



FACE PAGE

This page is the face of the policy referenced by number below and is a part of the policy.

Insured's Name: NZR, LLC dba Chotto Matte; NZR Personnel LLC
Policy Number: ESP730435801 Policy Dates: From: 4/2/2019 To: 4/2/2020

Surplus Lines Agent's Name: Marcia Whisman
Surplus Lines Agent's Address: 120 E. Palmetto Park Road, Suite 300
Boca Raton, FL 33432
Surplus Lines Agent's License: # P134922
Producing Agent's Name: Jason M Davis
Producing Agent's Physical Address: 9850 NW 41st Street Suite 100
Miami, FL 33178

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

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

Table with 4 columns: Fee Name, Amount, Fee Name, Amount. Includes Policy Premium (\$63,920.00), Policy Fee (\$35.00), Inspection Fee, Service Fee (\$63.96), Tax (\$3,197.75), Citizen's Assessment, EMPA Surcharge (\$4.00), and FHCf Assessment.

Surplus Lines Agent's Countersignature: [Handwritten signature of Marcia Whisman]

If this policy is a surplus lines, personal lines residential property policy then the following shall apply:

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

If this policy is a surplus lines, personal lines residential property policy which includes the peril of windstorm then the following shall apply:

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

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



ARCH SPECIALTY INSURANCE COMPANY
(A Missouri Corporation)

Home Office Address:
2345 Grand Blvd.
Suite 900
Kansas City, Missouri 64108

Administrative Address:
Harborside 3
210 Hudson Street, Suite 300
Jersey City, NJ 07311-1107
Tel: (866) 413-5550

FLORIDA COMMERCIAL PROPERTY

DECLARATIONS

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

Policy Number: ESP7304358-01
Renewal of: ESP7304358-00

Named Insured: NZR, LLC
Address: 200 South Biscayne Blvd., Suite 3200
Miami, FL 33131

Policy Period:
From: April 2, 2019 **To:** April 2, 2020
at 12:01 A.M., Standard Time at your mailing address shown above.

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

Commercial Property Coverage Part	PREMIUM
	\$63,920.00
Total	\$63,920.00

Premium Shown is payable at inception.

LOCATIONS COVERED: As per schedule of locations on file with the company

FORMS AND ENDORSEMENTS Applying to this Coverage Part and Made Part of this Policy at Time of Issue: See attached Schedule of Forms and Endorsements

ISSUE DATE: May 22, 2019

Surplus Lines Agent Name: MARCIA WHISMAN
Surplus Lines Agent Address: 7700 West Camino Real Centre
Suite 201
Boca Raton, FL 33433 US

Surplus Lines Agent License: P134922
Surplus Lines State Taxes were filed: FL

Arch Specialty Insurance Company is licensed in the state of Missouri only.

SCHEDULE OF FORMS AND ENDORSEMENTS

NAMED INSURED:	NZR, LLC	TERM: April 2, 2019 to April 2, 2020
POLICY NUMBER:	ESP7304358-01	

END. NO.	FORM NO.	TITLE
	06 ML0002 00 12 14	SIGNATURE PAGE (ARCH SPECIALTY)
1	00 EXP0214 00 08 18	MINIMUM EARNED PREMIUM CLAUSE – PERCENTAGE (WINDSTORM AND HAIL COVERAGE PERCENTAGE)
	00 EXP0091 00 11 03	COMMON POLICY CONDITIONS
2	00 ML0003 00 04 12	SERVICE OF SUIT
	06 CP0002 00 03 08	CLAIMS HANDLING PROCEDURES (Arch Specialty Ins. Co.)
3	00 EXP0125 00 06 06	TOTAL TERRORISM EXCLUSION
	00 ML0065 00 06 07	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")
4	00 EXP0078 00 01 16	OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT
5	00 EXP0003 00 08 14	EXCLUSION AND LIMITED ADDITIONAL COVERAGE FOR FUNGUS
6	00 EXP0004 00 08 15	ELECTRONIC DATA LOSS OR DAMAGE - EXCLUSION
7	00 EXP0189 00 02 15	ASBESTOS MATERIAL REMOVAL LIMITATION
8	00 EXP0192 00 03 15	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
	02 EXPD 00 09 02	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
	00 EXP0092 00 04 16	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
	00 EXP0094 00 08 14	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
	00 EXP0100 00 08 14	CAUSES OF LOSS - SPECIAL FORM
9	00 EXP0051 00 08 14	NAMED WINDSTORM DEFINITION ENDORSEMENT
10	00 EXP0195 00 03 15	NAMED WINDSTORM PERCENTAGE DEDUCTIBLE ENDORSEMENT (REPORTED VALUE)
11	00 EXP0205 00 09 15	PROPERTY COVERAGE ENHANCEMENT ENDORSEMENT – BROAD FORM
12	00 EXP0105 00 08 14	ORDINANCE OR LAW COVERAGE
13	00 EXP0081 00 08 14	WARRANTIES
14	00 EXP0185 00 05 17	EXTERIOR INSULATION AND FINISH SYSTEM (EIFS) EXCLUSION
	00 EXP0101 00 08 14	COMMERCIAL PROPERTY CONDITIONS
	02 CIMD001 00 09 02	COMMERCIAL INLAND MARINE COVERAGE PART DECLARATIONS
	00 EXP0040 00 02 15	COMMERCIAL FINE ARTS COVERAGE FORM
	00 EXP0118 00 11 14	COMMERCIAL INLAND MARINE CONDITIONS



Signature Page

IN WITNESS WHEREOF, Arch Specialty Insurance Company has caused this policy to be executed and attested.

A handwritten signature in cursive script that reads "John Mentz".

John Mentz
President

A handwritten signature in cursive script that reads "Patrick K. Nails".

Patrick K. Nails
Secretary

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**MINIMUM EARNED PREMIUM CLAUSE – PERCENTAGE
(WINDSTORM AND HAIL COVERAGE PERCENTAGE)**

This endorsement modifies insurance provided under this policy.

It is agreed that in the event of cancellation of this policy by you, a minimum premium of 35% of the original policy premium shall become earned, however 100.00% of the Windstorm and Hail portion of the policy premium being \$51,136.00 shall be earned for those locations that Windstorm and Hail coverage existed any time during the period of June 1 to November 30; any conditions of the policy to the contrary notwithstanding. In the event you cancel prior to the June 1 to November 30 time period, the Windstorm and Hail portion of the policy premium, if any, will be subject to the same percentage of the original policy premium.

Your failure to make timely payment of premium shall be considered a request by you for us to cancel. In the event of such cancellation by us for non-payment of premium, the minimum premium of 35% for non-payment outside the period of June 1 to November 30 and 100% for any cancellation based on non-payment within the period of June 1 to November 30 shall be due and payable; provided, however, such non-payment cancellation shall be rescinded if you remit the full premium due within ten (10) days of receiving the policy cancellation.

In the event of any other cancellation by us, the earned premium shall be computed pro rata, not subject to the minimum premium.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 1

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of

any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
 4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT

It is agreed that:

1. In the event of the failure of the **Insurer** to pay any amount claimed to be due hereunder, the **Insurer**, at the request of the **Insured**, will submit to the jurisdiction of any court of competent jurisdiction within the United States and will comply with all requirements necessary to give such court jurisdiction. All matters arising under this Policy shall be determined in accordance with the law and practice of such Court, provided that nothing shall prohibit the **Insurer** from removing any action, suit or proceeding to a United States District Court. The **Insurer** shall abide by the final decision of such court or any appellate court in the event of an appeal.
2. Service of process in the above described action, suit or proceeding may be made upon: General Counsel, Arch Specialty Insurance Company, Harborside 3 210 Hudson Street, Suite 300 Jersey City, NJ 07311-1107. Upon the request of the **Insured**, such General Counsel shall give a written undertaking to enter an appearance on behalf of the **Insurer** in the event that such an action, suit or proceeding shall be instituted.
3. Pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the **Insurer** hereby designates the Superintendent, Commissioner, or Director of Insurance or other officer specified in such statute as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted against the **Insurer** upon this Policy. The Superintendent, Commissioner or Director of Insurance or other officer is hereby authorized and directed to accept service of process on behalf of the **Insurer** in any such action, suit or proceeding and to mail a copy of such process to the above mentioned General Counsel.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 2

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

CLAIMS HANDLING PROCEDURES

An important value of your insurance coverage is the ability of the insurance company to respond when you have a claim. Arch Specialty Insurance Company is committed to providing its insureds with effective claim services.

Notices of each incident, claim or suit must be sent immediately to:

Arch Specialty Insurance Company
PROPERTY Claims
1299 Farnam Street, Suite 500
Omaha, NE 68102
P.O. Box 542033
Omaha, NE 68154
Phone: 877 688-ARCH (2724)
Fax: 866 266-3630
Email: Claims@ArchInsurance.com

You will be contacted by a representative of the company's Claim Department. This representative will confirm receipt of the loss notice directly to you, provide a company claim number for all future correspondence, refer to an adjuster if necessary, and discuss further handling of the claim.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL TERRORISM EXCLUSION

This endorsement modifies insurance provided under the Policy.

- A.** The following definition is added and applies under this endorsement whenever the term terrorism, is enclosed in quotation marks:

“Terrorism” means activities against persons, organizations or property of any nature:

1. that involve the following or preparation for the following:
 - a. use or threat of force or violence; or
 - b. commission or threat of a dangerous act; or
 - c. commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When:
 - a. the effect is to intimidate or coerce a government or a civilian population or any segment thereof, or to disrupt any segment of the economy; and/or
 - b. it appears that the intent is to intimidate or coerce a government or a civilian population, or to further a philosophical, political, ideological, religious, social or economic objective or to express (or express opposition to) a philosophical, political, ideological, religious, social or economic objective.

- B.** The following exclusion is added:

EXCLUSION OF TERRORISM

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

This exclusion also applies when one or more of the following are attributed to an incident of “terrorism”:

1. The “terrorism” is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the “terrorism” was to release such material; or
3. The “terrorism” involves the use, release, or escape of nuclear materials, or that directly or indirectly results in nuclear reaction, nuclear 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.

C. Application Of Other Exclusions

1. When the EXCLUSION OF TERRORISM applies in accordance with the terms of **B.1.**, **B.2.** or **B.3.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The EXCLUSION OF TERRORISM contained in this Endorsement replaces any terrorism exclusion contained in this Coverage Form, Coverage Part or Policy.
3. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion, War Exclusion, or the War And Military Action Exclusion.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 3

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

**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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under this policy.

It is agreed that the following special terms and conditions apply to this policy:

1. The DEFINITIONS Section of the policy and any forms or endorsements attached thereto are amended by the addition of the following Definition:

“Occurrence” shall mean any one loss, disaster, casualty or series of losses, disasters or casualties, arising out of one event. The duration and extent of any one loss, disaster, casualty or series of losses, disasters or casualties will be limited to all losses or series of losses occurring during any period of 168 consecutive hours arising out of, and directly occasioned by, the same event.

When the term applies to loss or series of losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, you may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than when the first loss occurs to any Covered Property.

2. The premium for this policy is based upon the Statement of Values on file with us, or attached to this policy. In the event of loss hereunder, our liability, subject to the terms of paragraph 3. below, shall be limited to the least of the following:
 - a. The actual adjusted amount of loss, less applicable deductible(s).
 - b. 100% of the individually stated value for each scheduled item of interest insured, as shown on the latest Statement of Values on file with us, or attached to this policy, after applying the deductible(s).
 - c. The Limit of Liability or Amount of Insurance shown on the Declarations Page or endorsed onto this policy.
3. The Limit of Liability or Amount of Insurance shown on the Declarations Page of this policy, or endorsed onto this policy, is the total limit of our liability applicable to each “occurrence”. Notwithstanding any other terms and conditions of this policy, in no event shall our liability exceed this limit or amount, irrespective of the number of locations involved.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 4

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION AND LIMITED ADDITIONAL COVERAGE FOR FUNGUS

This endorsement modifies insurance provided under this policy.

- A.** The following item is added to **EXCLUSIONS**, section **B**. With respect to the loss or damage addressed therein, this exclusion supersedes any other exclusion which addresses fungus.

EXCLUSION – “Fungus”, Wet Rot, Dry Rot And Bacteria

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of “fungus”, wet or dry rot or bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

But if “fungus”, wet or dry rot or bacteria results in:

1. A “specified cause of loss”, we will pay for the loss or damage caused by that “specified cause of loss”, if the Causes of Loss – Special Form applies; or
2. A “covered cause of loss”, we will pay for the loss or damage caused by that “covered cause of loss”, if the Causes of Loss – Basic Form and Causes of Loss – Broad Form applies.

This exclusion does not apply:

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

- B.** The following exclusion replaces any exclusion pertaining to continuous or repeated seepage or leakage of water; and supersedes any other exclusion, preclusion of coverage or exception to an exclusion pertaining to leakage or discharge of water or steam from a system or appliance.

We will not pay for loss or damage cause by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- C.** The following item is added to **ADDITIONAL COVERAGES**:

ADDITIONAL COVERAGE – Limited Coverage For “Fungus”, Wet Rot, Dry Rot And Bacteria

1. This limited coverage applies only when the “fungus”, wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that “occurrence”, and only if any loss resulting from the following is reported to us within 60 days of the “occurrence”:
 - a. A “specified cause of loss” other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

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

2. Under conditions described in item **A.1.** above, we will pay for loss or damage by “fungus”, wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by “fungus”, wet or dry rot or bacteria, including the cost of removal of the “fungus”, wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the “fungus”, wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that “fungus”, wet or dry rot or bacteria are present.
3. The coverage provided 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” which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular “occurrence” of loss which results in “fungus”, wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the “fungus”, wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.
4. The coverage provided under this Limited Coverage is a sub-limit and does not increase the applicable Limit of Insurance on any Covered Property. If a particular “occurrence” results in loss or damage by “fungus”, wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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

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

D. The following item is added to **DEFINITIONS**:

“Fungus” means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

E. Item **d.2.** under section **2.** of the **EXCLUSIONS** is amended to read:

“Rust, corrosion, decay, deterioration, hidden or latent defect or quality in property that causes it to damage or destroy itself”.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 5

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ELECTRONIC DATA LOSS OR DAMAGE - EXCLUSION

This endorsement modifies insurance provided under this policy.

A. It is agreed that the following definitions apply:

“Electronic Data” means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

“Computer Virus” means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature”. “Computer Virus” includes but is not limited to ‘trojan horses’, ‘worms’ and ‘time or logic bombs’.

B. Except as provided in the Additional Coverage – Electronic Data, if any, the following exclusion applies:

Damage to Electronic Data

We will not pay for loss, destruction, distortion, erasure, corruption, deletion, manipulation or alteration of or damage to “Electronic Data” including loss of use, reduction in functionality, or any cost or expense to replace or restore such “Electronic Data” from any cause whatsoever (including, but not limited to, “Computer Virus” or a willful or malicious act).

This exclusion applies regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

However, this exclusion does not apply to loss, destruction, distortion, erasure, corruption, deletion, manipulation or alteration of or damage to “Electronic Data” arising from the following specified causes of loss, if these causes of loss are not otherwise excluded: fire, lightning, explosion, windstorm or hail, strike, riot or civil commotion, leakage from fire extinguishing equipment, impact or collapse. However, this exception does not apply to fire or explosion resulting from risks excluded under any terrorism exclusion.

C. Except as provided in the Additional Coverage – Interruption Of Computer Operations, if any, the following is added to the Business Income and/or Extra Expense Coverage, as applicable:

Additional Limitation – Interruption Of Computer Operations

We will not pay for:

1. Business Income loss incurred when a “suspension” of “operations” is caused by loss, destruction, distortion, erasure, corruption, deletion, manipulation or alteration of or damage to “Electronic Data” from any cause whatsoever (including, but not limited to, “Computer Virus” or a willful or malicious act).
2. Extra Expense loss incurred when action is taken to avoid or minimize a “suspension” of “operations” caused by loss, destruction, distortion, erasure, corruption, deletion, manipulation

or alteration of or damage to "Electronic Data" from any cause whatsoever (including, but not limited to, "Computer Virus" or a willful or malicious act).

This limitation applies regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

However, this limitation will not apply to loss, destruction, distortion, erasure, corruption, deletion, manipulation or alteration of or damage to "Electronic Data" arising from the following specified causes of loss, if these causes of loss are not otherwise excluded: fire, lightning, explosion, windstorm or hail, strike, riot or civil commotion, leakage from fire extinguishing equipment, impact or collapse. However, this exception does not apply to fire or explosion resulting from risks excluded under any terrorism exclusion.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 6

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ASBESTOS MATERIAL REMOVAL LIMITATION

This endorsement modifies insurance provided under this policy.

It is agreed that:

ASBESTOS MATERIAL REMOVAL LIMITATION

This policy excludes any loss, damage or expense to remove or replace asbestos materials unless such materials are themselves damaged by a Covered Cause of Loss.

Notwithstanding that competent Government Authority may declare all or parts of the insured premises unfit for occupancy without removal or modifications to asbestos materials, our liability is limited to the proportion represented by the cost to repair the damaged part of the premises, not the entire property.

Similarly, if the policy provides any coverage for business income, extra expense, loss of rents or rental value or other loss of use or occupancy, such coverage shall be limited to the time necessary to repair or replace only the damaged portion(s) of the premises.

Nothing in this Endorsement shall override any radioactive contamination exclusion clause in the Policy to which this Endorsement is attached.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 7

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under this policy.

It is agreed that:

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

1. The exclusion set forth in Paragraph 2. applies to all coverages under all forms and endorsements that comprise this policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
2. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease. However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this policy.
3. With respect to any loss or damage subject to the exclusion in Paragraph 2., such exclusion supersedes any exclusion relating to "pollutants".
4. The following provisions in this policy are hereby amended to remove reference to bacteria:
 - (a) EXCLUSION – "Fungus", Wet Rot, Dry Rot And Bacteria;
 - (b) ADDITIONAL COVERAGE – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, Including any endorsement increasing the scope or amount of coverage.

The terms of the exclusion in Paragraph 2., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 8

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019



ARCH SPECIALTY INSURANCE COMPANY
(A Missouri Corporation)

Home Office Address:
2345 Grand Blvd.
Suite 900
Kansas City, Missouri 64108

Administrative Address:
Harborside 3
210 Hudson Street, Suite 300
Jersey City, NJ 07311-1107
Tel: (866) 413-5550

Commercial Property Coverage Part Declarations

Policy Number	ESP7304358-01
Renewal of	ESP7304358-00
Named Insured	NZR, LLC
Effective Date	April 2, 2019

Description of Premises	
Premises Number	All
Building Number	All
Location, Construction, and Occupancy	As per schedule of locations on file with the company
Coverage Provided – Insurance at the described premises applies only for coverages for which a limit of Insurance is shown	
Premises Number	All
Building Number	All
Coverage	Real Property, Business Personal Property, Business Income With Extra Expense
Limit of Insurance	\$8,529,968 Specific/Scheduled
Coverage Cause of Loss	Special
Coinsurance (If extra expense coverage, limits on loss payment)	NIL NIL
Optional Coverages – applicable only when entries are made in the schedule below	
Premises Number	All
Building Number	All
Agreed Value	Expiration Date Coverage Amount
Replacement Cost	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No as respect to Real and Business Personal Property
Actual Cash Value	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Functional Replacement Cost	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indemnity – Applies to Business Income Only	Monthly Limit Maximum Period Extended Period Refer to Property Coverage Enhancement

	Endorsement - Broad Form
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Coverage	
Deductible	\$5,000 Per Occurrence Except; \$25,000 Per Occurrence with regard to All Other Wind and Hail, except as Per the Named Windstorm Percentage Deductible Endorsement (Reported Value)
Total Premium	Included
Form(s)/Endorsement(s)	
Applicable To All Coverages	See Schedule of Forms and Endorsements Form 00 ML0012 00 01 03

These Declarations, when combined with the common policy declarations, the common policy conditions, coverage form(s) and endorsements, if any, issued to form a part thereof, complete the contract of insurance.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

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

- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under Additional Coverages – Electronic Data. Electronic data means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic or electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment. This Paragraph n., does not apply to your “stock” of prepackaged software, or to electronic data which is integrated in and operates or controls the building’s elevator, lighting, heating, ventilation, air conditioning or security system.
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data.
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no coinsurance penalty.

Example #1

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

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

Example #2

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

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: \$80,000 (\$79,500 + \$500) 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 (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

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

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

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

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

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up And Removal

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

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

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

e. Increased Cost Of Construction

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

 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:

 - (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by “pollutants” or due to the presence, growth, proliferation, spread or any activity of “fungus”, wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants”, “fungus”, wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable coinsurance percentage.
- (7) With respect to this Additional Coverage:

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

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

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

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered – Electronic Data. This Additional Coverage does not apply to your “stock” of prepackaged software, or to electronic data which is integrated in and operates or controls the building’s elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage – Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Electronic Data is limited to the “specified causes of loss” as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Electronic Data includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Electronic Data.
 - (d) Regardless of the Causes of Loss Form applicable, we will not pay for loss or damage caused by or resulting from a virus, harmful code or similar instruction, whether from an internal or external source, 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. There also is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

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

5. Coverage Extensions

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

Each of the following Coverage Extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

(2) Your Business Personal Property

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

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

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

(b) This Extension does not apply to:

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

(3) Period Of Coverage

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

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

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

b. Personal Effects And Property Of Others

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

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

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

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

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

d. Property Off-Premises

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

e. Outdoor Property

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

- (1) Fire;
- (2) Lightning;

- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

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

f. Non-Owned Detached Trailers

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

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

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

The limits applicable to the following Additional Coverages apply in accordance with the terms of such coverage and are in addition to the Limits of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean Up and Removal;
3. Increased Cost of Construction; and
4. Electronic Data.

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

D. Deductible

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

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

Example No. 1:

(This example assumes there is no coinsurance penalty.)

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

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

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

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

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

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

Example No. 2:

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

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

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

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

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:
 - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

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

b. Vacancy Provisions

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

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

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

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

7. Valuation

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

a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value even when attached to the building:

(1) Awnings or floor coverings;

(2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

(3) Outdoor equipment or furniture.

c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety glazing material if required by law.

- e. Tenant's Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

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

1. Coinsurance

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

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

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

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

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

Example No. 1 (Underinsurance):

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

The Deductible is \$250

The amount of loss is \$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

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

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

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

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

Example No. 2 (Adequate Insurance):

When: The value of the property is \$250,000

The Coinsurance percentage for it is 80%

The Limit of Insurance for it is \$200,000

The Deductible is \$250

The amount of loss is \$40,000

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

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

Example No. 3:

When: The value of property is:

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

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

Personal Property at Location No. 2 \$75,000

\$250,000

The Coinsurance percentage for it is 90%

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

The Deductible is \$1,000

The amount of loss is:

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

Personal Property at Location No. 2 \$20,000

\$50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the

penalty shown below)

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

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

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

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

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

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

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

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

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

G. Optional Coverages

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

1. Agreed Value

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

b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

c. The terms of this Optional Coverage apply only to loss or damage that occurs:

(1) On or after the effective date of this Optional Coverage; and

(2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.

b. The amount of increase will be:

(1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

(3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:	The applicable Limit of Insurance is	\$100,000
	The annual percentage increase is	8%
	The number of days since the beginning of the policy year (or last policy change) is	146

The amount of increase is

\$100,000 x .08 x 146

÷ 365 =

\$3,200

3. Replacement Cost

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

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

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

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

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

- (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

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

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

4. Extension Of Replacement Cost To Personal Property Of Others

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

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

H. Definitions

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

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

1. Business Income

Business Income means the:

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

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

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

- (1)** Business Income including "Rental Value".
- (2)** Business Income other than "Rental Value".
- (3)** "Rental Value".

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

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

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

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

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

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

2. Extra Expense

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

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

- (1) Avoid or minimize the “suspension” of business and to continue “operations” at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the “suspension” of business if you cannot continue “operations”.

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

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a “suspension” of “operations” is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a “suspension” of “operations” caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- c. Electronic data means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic or electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

5. Additional Coverages

- a. **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 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.

The 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 Extra Expense will begin immediately after the time of that action and will end:

- (1) 3 consecutive weeks after the time of that action; or
- (2) When your Business Income coverage ends;

whichever is later.

b. Alterations And New Buildings

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

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

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

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

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

- (a) Begins on the date property (except “finished stock”) is actually repaired, rebuilt or replaced and “operations” are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your “operations”, with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

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

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

(2) “Rental Value”

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

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the “Rental Value” that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (2)(a) above.

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

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

d. Interruption Of Computer Operations

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

due to destruction or corruption of electronic data due to a Covered Cause of Loss.

- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

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

6. Coverage Extension

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

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

NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

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

B. Limits Of Insurance

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

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

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

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

C. Loss Conditions

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

1. Appraisal

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

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to

agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

2. Duties In The Event Of Loss

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

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

3. Loss Determination

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

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

4. Loss Payment

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

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

D. Additional Condition

Coinsurance

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

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

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

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

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

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

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

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

- 1. Prepaid freight – outgoing;
- 2. Returns and allowances;
- 3. Discounts;
- 4. Bad debts;

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

Example No. 1 (Underinsurance):

When:	The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been	\$400,000
	The Coinsurance percentage is	50%
	The Limit of Insurance is	\$150,000
	The amount of loss is	\$80,000
Step 1:	$\$400,000 \times 50\% = \$200,000$	
	(the minimum amount of insurance to meet your Coinsurance requirements)	
Step 2:	$\$150,000 \div \$200,000 = .75$	
Step 3:	$\$80,000 \times .75 = \$60,000$	

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

Example No. 2 (Adequate Insurance):

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

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

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

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

Example:

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

Days 61-90	\$30,000
	\$80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
 - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy;

whichever occurs first.

- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.

- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

Example:

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

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

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

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

4. **Extended Period Of Indemnity**

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

F. **Definitions**

1. **“Finished Stock”** means stock you have manufactured.

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

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

2. **“Operations”** means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises, if coverage for Business Income including “Rental Value” or “Rental Value” applies.

3. **“Period of Restoration”** means the period of time that:

- a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;caused by or resulting from any Covered Cause of Loss at the described premises; and
- b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

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

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

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

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

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

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

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

B. Exclusions

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

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

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

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

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

b. Earth Movement

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

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

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay

for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

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

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

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

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

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

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

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

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

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

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

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not (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; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; 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, as described in g.(1) through g.(5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

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

We will not pay for:

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

This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming “operations”, due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the “suspension” of “operations”, we will cover such loss that affects your Business Income during the “period of restoration” and any extension of the “period of restoration” in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the “period of restoration”.
- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

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

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.** Ordinance Or Law;

- (b) Paragraph **B.1.c.** Governmental Action;
 - (c) Paragraph **B.1.d.** Nuclear Hazard;
 - (d) Paragraph **B.1.e.** Utility Services; and
 - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

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

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

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

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

C. Limitations

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

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or

damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- b.** Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c.** The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1)** The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2)** The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d.** Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

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

- (1) Glass; or
- (2) Containers of property held for sale.
- c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income coverage or to Extra Expense coverage.
3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one "occurrence" of theft, regardless of the types or number of articles that are lost or damaged in that "occurrence". The special limits are:
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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

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

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
- a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

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

D. Additional Coverage – Collapse

The term Covered Cause of Loss includes the Additional Coverage – Collapse and applies only to an abrupt collapse as described and limited in **D.1.** through **D.5.** below.

1. For the purposes of this Additional Coverage - Collapse:

- a. Abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
 - b. A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of abrupt collapse;
 - c. A part of a building that is standing is not considered to be in a state of abrupt collapse even if it has separated from another part of the building;
 - d. A building that is standing or any part of a building that is standing is not considered to be in a state of abrupt collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
- a. The “specified causes of loss” or breakage of building glass, all only as insured against in this Coverage Part;
 - b. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - c. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - d. Weight of people or personal property;
 - e. Weight of rain that collects on a roof;
 - f. 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. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in **2.a.** through **2.e.**, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in **1.a.** through **1.d.** do not limit the coverage otherwise provided under this Causes Of Loss form for the causes of loss listed in **2.a.**, **2.d.** and **2.e.**

3. With respect to the following property:
- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;

- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

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

- a. Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
 - b. The property is Covered Property under this Coverage Form.
- 4.** If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a Cause of Loss listed in **2.a.** through **2.f.** above;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **3.** above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **4.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

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

This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in.

- 5.** This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

F. Additional Coverage Extensions

1. Property In Transit

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

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory. For the purposes of this Coverage Extension, the coverage territory is extended to include Canada but only for a period of thirty (30) consecutive days. Coverage begins when the property leaves the United States and automatically ends after thirty (30) days or at the end of the policy period, whichever occurs first.

- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

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

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

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

3. **Glass**

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

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

G. **Definitions**

- 1. **"Specified Causes of Loss"** means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or

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

c. Water damage means:

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED WINDSTORM DEFINITION ENDORSEMENT

The definition of a Named Windstorm is a Tropical Storm having sustained wind speeds of at least 39 MPH and/or a Hurricane having sustained wind speeds of at least 74 MPH and has been declared by the U.S. National Weather Service to be a Named Tropical Storm or Named Hurricane.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 9

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**NAMED WINDSTORM PERCENTAGE DEDUCTIBLE ENDORSEMENT
(REPORTED VALUE)**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUILDERS RISK COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
DIFFERENCE IN CONDITIONS COVERAGE FORM
OTHER APPLICABLE INLAND MARINE COVERAGE FORMS
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM
CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – NAMED WINDSTORM

SCHEDULE

Premises No.	Bldg. No.	Named Windstorm Deductible Percentage (enter 1%, 2%, 5% or other percent)	Minimum Deductible
All	All	5%	Not Applicable

This percentage shown above is subject to the minimum deductible per “occurrence” shown above, if any.

The Named Windstorm Deductible, as shown in the Schedule, applies to loss or damage to Covered Property caused directly or indirectly by Named Windstorm, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than Named Windstorm occurs, and that loss or damage would not have occurred but for the Named Windstorm, such loss or damage shall be considered to be caused by Named Windstorm and therefore part of the Named Windstorm “occurrence”.

The Named Windstorm Deductible applies whenever there is an “occurrence” of Named Windstorm.

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

NAMED WINDSTORM DEDUCTIBLE CALCULATION

A. All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building, if two or more buildings sustain loss or damage;

physical damage happened, plus that proportion of the values at all other locations where loss ensues that was directly affected by use of such lost or damaged Covered Property and that would have been earned in the 12 month period following the "occurrence".

3. The percentages referenced in paragraphs **B.2.** and **B.3.** above are subject to a Minimum Deductible per "occurrence" as shown in the Schedule.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 10

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY COVERAGE ENHANCEMENT ENDORSEMENT – BROAD FORM

This endorsement modifies insurance provided under the following:

- Building and Personal Property Coverage Form**
- Business Income with Extra Expense Coverage Form**
- Business Income without Extra Expense Coverage Form**
- Causes of Loss Basic Form**
- Causes of Loss Broad Form**
- Causes of Loss Special Form**

It is agreed that the following Additional Coverages and Extensions of Coverage are included in this policy, but only if a Sub-Limit applicable to such is shown in the Schedule of Sub-Limits of Insurance. The most we will pay under these additional coverages and extensions of coverage in any one “occurrence” is the sub-limit shown in the schedule. If the Coverage does not apply, the phrase “Not Available” shall be inserted in the Sub-Limit column.

If a Schedule Aggregate Limit is shown in the Schedule, such limit shall apply to all losses in any one “occurrence” regardless of the number of coverages and extensions involved unless otherwise noted in endorsement.

Schedule of Sub-Limits of Insurance

ITEM	COVERAGE	SUBLIMIT
A	Accounts Receivable	\$100,000
B	Builder’s Risk	\$100,000
C	Builder’s Risk Soft Cost	\$10,000
D	Civil Authority	Lesser of 30 days or \$100,000
E	Contingent Time Element	Lesser of 60 days or \$50,000
F	Debris Removal	\$100,000 .
G	Electronic Data & Media	\$100,000
H	Errors or Omissions	\$25,000
I	Extended Period of Indemnity	90-Days
J	Extra Expense/Expediting Expense	\$25,000
K	Fine Arts	\$50,000
L	Fire Department Service Charges	\$10,000
M	Ingress/Egress	Lesser of 30 days or \$50,000
N	Leased or Rented Equipment	\$10,000 subject to a \$25,000 annual aggregate
O	Leasehold Interest	\$25,000
P	Lost Key	\$10,000
Q	Miscellaneous Unnamed Locations	\$25,000
R	Newly Acquired Buildings	\$500,000
S	Ordinance or Law Coverage Coverage A, B and C Combined Limit	Refer to 00 EXP0105 00 08 14 Ordinance or Law Coverage
T	Outdoor Property	\$25,000 subject to \$250 per tree, shrub, or plant
U	Personal Effects and Property of Others	\$25,000
V	Pollutant Clean Up and Removal Coverage	\$25,000
W	Professional Fees	\$10,000 per occurrence and

		annual aggregate
X	Property Off Premises	\$25,000
Y	Reclaiming, Restoring, or Repairing Land Improvements	\$10,000
Z	Reward Reimbursement	\$10,000
AA	Royalties	\$10,000
BB	Utility Services Coverage Excluding Transmission and Distribution Lines	\$100,000
CC	Spoilage	\$10,000
DD	Transit	\$25,000
EE	Valuable Papers and Records	\$100,000
SCHEDULE AGGREGATE LIMIT		Not Applicable

The Sub-Limits of Insurance for the following Coverages are included in the Occurrence Limit for the Covered Property indicated on the Declaration Page(s) and are not in addition thereto. The following Coverages are subject to all terms, conditions and exclusions of this Policy unless modified herein.

A. Accounts Receivable

You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage to accounts receivable. We will pay:

1. All amounts due from your customers that you are unable to collect.
2. Interest charges on any loan required to offset amounts you are able to collect pending our payment of these amounts:
3. Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
4. 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 Causes of Loss to your records of accounts receivable.

Coverage does not apply to:

1. Records of accounts receivable in storage away from the premises shown in the Declarations; or
2. Contraband or property in the course of illegal transportation or trade.

This coverage extension does not apply to loss or damage:

1. Due to delay, loss of use, loss of market or any other consequential loss.
2. Due to fraudulent, dishonest or criminal act (including theft) by you, a partner therein, an employee (including temporary employee and leased worker) or an officer, director or trustee thereof, while working or otherwise and whether acting alone or in collusion with others;

3. Due to bookkeeping, accounting or billing errors or omissions;
4. The proof of which as to factual existence, is dependent upon an audit of records or an inventory computation;
5. Due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property; or
6. Due to electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - a. Programming errors or faulty machine instructions;
 - b. Faulty installation or maintenance of data processing equipment or component parts;
 - c. An "occurrence" that took place more than 100 feet from your "premises"; or
 - d. Interruption of electrical power supply, power surge, blackout or brownout if the cause of such "occurrence" took place more than 100 feet from your "premises".

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

7. Due to 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.
8. Due to unauthorized instructions to transfer property to any person or to any place.
9. Due to neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

B. Builders Risk

This policy covers, if not otherwise excluded:

1. New buildings or structures while in the course of construction at Insured locations listed in the Schedule of Insured Locations;
2. Existing buildings or structures while in the course of alteration, extension, alteration, or renovation at Insured locations listed in the Schedule of Insured Locations;
3. Materials or supplies intended to become a permanent part of the buildings or structures in 1. or 2. above
4. Machinery and equipment intended to become a permanent part of the buildings or structures in 1. or 2. above while in the course of erection, installation, or assembly including testing and commissioning of such machinery and equipment.

C. Builders Risk Soft Costs

For Property under Construction, this policy is extended to cover "soft costs" incurred by you during the "period of restoration". Such "soft costs" must be the result of direct loss or damage from a Covered Cause of Loss. We will pay reasonable and necessary "soft costs" over and above those costs which would have been incurred by you during the "period of restoration" had no loss occurred.

“Soft costs” means:

1. The amount of actual interim or construction financing interest, including loan fees and other one time charges incurred to negotiate a new construction loan and/or extend the existing one;
2. Realty taxes and ground rent if any;
3. Advertising and promotional expenses;
4. Cost of additional commissions;
5. Architects, surveyors, legal, consulting engineers, accounting, licenses, permits, or other fees not otherwise covered by this Policy;
6. Project administration expense, but not including development fees;
7. Insurance premiums;
8. Founder’s fee refunds; and
9. Other similar costs you incur over and above the costs that you normally would have incurred in course of construction.

D. Civil Authority

Under the Business Income (And Extra Expense) Coverage Form and the Business Income (Without Extra Expense) Coverage Form, paragraph 5. and paragraph 4. respectively, Additional Coverages, Civil Authority, reference to three consecutive weeks with respect to the Business Income coverage period is deleted and replaced by the lesser of the number of days or dollar Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

E. Contingent Time Element

Under the Business Income (And Extra Expense) Coverage Form and the Business Income (Without Extra Expense) Coverage Form, the Business Income coverage of this policy is extended to cover the actual loss of Business Income you sustain due to the necessary “suspension” of your “operations” during the “period of restoration” directly resulting from physical loss or damage of the type insured against by this policy to property not otherwise excluded by this policy at “direct supplier or customer locations”.

“Direct supplier or customer locations” mean those facilities owned, operated, or maintained by others whom you depend on to:

1. Deliver materials or services to you or to others for your account;
2. Accept your products or services; or
3. Manufacture products for delivery to your customers.

The phrase customer or supplier does not include and this extension does not apply to:

1. Any company supplying the insured premises or receiving from the insured premises electricity, fuel, water, steam, refrigeration, or communications of every type and description; or

2. Indirect suppliers or customers that may deliver, accept or manufacture products or services to direct suppliers or customers.

The Limit of Insurance is the lesser of the number of days or the dollar amount shown in the Schedule of Sub-Limits of Insurance.

F. Debris Removal

Under the Building and Personal Property Coverage Form, A. COVERAGE, paragraph 4. Additional Coverages, a. Debris Removal, reference to \$10,000 in subparagraph (4) is deleted and replaced by the Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

G. Electronic Data

Under the Building and Personal Property Coverage Form, A. COVERAGE, paragraph 4. Additional Coverages, f. Electronic Data, reference to \$2,500 in subparagraph (4) is deleted and replaced by the Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

H. Errors and Omissions

We will pay expenses incurred as a result of direct physical loss or damage at locations within the coverage territory that are owned, leased or operated by you, if such loss or damage is not payable under this policy solely due to:

1. Any error or unintentional omission in the description of the address of the property whether made at the inception of the policy period or subsequent thereto; or
2. Failure through any error or unintentional omission to:
 - a. Include your location at the inception of the policy; or
 - b. Report any newly acquired location before the period of automatic coverage provided under this policy for Newly Acquired or Constructed Property expires.
3. With respect to subparagraphs 1. and 2. Above, this Errors or Omissions additional coverage does not allow you or your representative to correct any value shown in the Statement of Values.
4. This policy covers such direct physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.
5. It is a condition of this additional coverage that any error or unintentional omission be reported by you to us when discovered and an additional premium be paid as determined by us.
6. There is no coverage under this paragraph for loss or damage which is covered under the Newly Acquired or Constructed Property or Miscellaneous Unnamed Locations provisions, if any, of this policy.

I. Extended Period of Indemnity

Under the Business Income (And Extra Expense) Coverage Form and the Business Income (Without Extra Expense) Coverage Form, paragraph 5. and paragraph 4. respectively, Additional Coverages, Extended Business Income, the number "30" in subparagraphs (1) (b) and (2) (b) is replaced by the number shown in the Schedule of Sub-Limits of Insurance.

J. Extra Expense/Expediting Expense

This Policy is extended to cover the loss sustained by you for Extra Expense during the "period of restoration" resulting from direct physical loss or damage from a Covered Cause of Loss to Covered Property utilized by you. Extra Expense means:

1. The reasonable and necessary extra expense incurred to temporarily continue as nearly normal as practicable the conduct of the your business; and
2. The reasonable and necessary extra costs of temporarily using your property or facilities or the property or facilities of others.
3. The reasonable extra costs (expediting expenses) for temporary repair of damaged property and for expediting the permanent repair or replacement of such damaged property. This includes overtime wages and extra costs of express or other rapid means of transportation. This does not include expenses recoverable elsewhere under this policy.

You agree to use any suitable property or service owned or controlled by you or obtainable from other sources in reducing the Business Income and Extra Expense incurred under this policy.

The Limit of Insurance is the lesser of the number of days or the dollar amount shown in the Schedule of Sub-Limits of Insurance.

K. Fine Arts

We will pay for direct physical loss or damage to "Fine Arts" located at an insured location specified on the Schedule of Locations on file. However, no coverage is provided for:

1. Breakage, marring, scratching, chipping or denting of art, glass, windows, statuary, sculptures, marble, glassware, porcelain, bric-a-brac, antique furniture, antique jewelry or similar fragile articles, unless such breakage, marring, scratching, chipping or denting is caused by a Covered Cause of Loss
2. Physical loss or damage as a result of restoring, repairing or retouching processes.

The valuation of property will be determined as of the date of loss or damage and will be the least of the following amounts:

- a. The actual cash value of the property;
- b. The lowest figure in your inventories, stock books, stock papers or lists existing as of the date of loss or damage;
- c. The cost of reasonably restoring the property to its condition immediately before loss or damage; or
- d. The cost of replacing that property with substantially identical property.

"Fine Arts" as used in this provision means paintings, rare books, manuscripts, pictures, prints, etchings, drawings, tapestries, bronzes, statuary, potteries, porcelains, marbles, and other bona fide works of arts, or items of rarity or historical value.

L. Fire Department Service Charges

Under the Building and Personal Property Coverage Form, A. COVERAGE, paragraph 4. Additional Coverages, c. Fire Department Service Charge, reference to \$1,000 is deleted and replaced by the Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

M. Ingress Egress

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur caused by the necessary "suspension" of your "operations" during the "period of restoration" due to the partial or total physical prevention of ingress to or egress from the described premises, whether or not the premises or Covered Property is damaged provided that both the following apply:

1. Such prevention is a direct result of physical damage to property within one (1) mile of the described premises and that property is the type of property insured, and not excluded by this Policy; and
2. The damage to such property described in 1. above is caused by or results from a Covered Cause of Loss.

The Limit of Insurance is the lesser of the number of days or the dollar amount shown in the Schedule of Sub-Limits of Insurance.

We will not pay for loss or damage caused directly or indirectly by picketing, protesting, striking or other action taken by workers, whether employed by you, except for physical damage not excluded by this Policy.

N. Leased or Rented Equipment

We will pay for direct physical loss or damage to Covered Property described below caused by a Covered Cause of Loss.

Covered Property:

1. Your equipment, including spare parts and accessories, that you lease or rent to your customers; or
2. Equipment that belongs to others while in your care, custody or control that you lease or rent to your customers.

Property Not Covered under this provision:

1. Automobiles, motor trucks, tractors, trailers or motorcycles designed and principally used to transport property or persons over public roads;
2. Cotton pickers, harvester – thresher combines and irrigation equipment;
3. Property while "underground", underwater, airborne, or waterborne, except while in transit in the custody of a carrier for hire;
4. Property loaned to your customers or others;
5. Watercraft or aircraft;
6. Property that you hold for sale;

7. Property that you have sold but not delivered;
8. Property that you have sold under a deferred payment sales agreement; or
9. Contraband or property in the course of illegal transportation or trade.

O. Leasehold Interest

If Covered Property is: (1) rendered wholly or partially untenantable by a Covered Cause of Loss during the policy period and (2) your lease is canceled by a party other than by the you, or by an entity with any common ownership in you, in accordance with the conditions of the lease or as a result of a statutory requirement of the appropriate jurisdiction in which the damaged or destroyed Covered Property is located, then this policy is extended to cover "The Interest of the Insured as Lessee" (as defined below) or "The Interest of the Insured as Lessor" (as defined below), whichever is applicable, but only for the first three months succeeding the date of the loss or damage and the "Net Lease Interest" (as defined below) shall be paid for the remaining months of the unexpired lease. Recovery under this additional coverage shall be the pro-rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on your interest in:

1. The amount of bonus paid by you for the acquisition of the lease not recoverable under the terms of the lease;
2. Improvements and betterments to real property which are not covered under any other section of this policy; and
3. The amount of advance rental paid by you and not recoverable under the terms of the lease.

Definitions: The following terms, wherever used in this Paragraph shall mean:

1. "Interest of the Insured as Lessee" is defined as:
 - a. The excess of the rental value of similar premises over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease; and
 - b. The rental income earned by the Insured from sublease agreements, to the extent not covered under any other section of this policy, over and above the rental expenses specified in the lease between you and the lessor.
2. "Interest of the Insured as Lessor" is defined as the difference between the rents payable to the lessor under the terms of the lease in effect at the time of loss and the actual rent collectible by the lessor during the unexpired term of the lease provided the lease is canceled by the lessee, to the extent not covered under any other section of this policy.
3. "Net Lease Interest" is defined as that sum, which placed at 6% interest compounded annually will be equivalent to "The Interest of the Insured as Lessee" or "The Interest of the Insured as Lessor".

We shall not be liable for any increase of loss which may be occasioned by the suspension, lapse or cancellation of any license or by your exercising any option to cancel the lease. Furthermore, you shall use due diligence, including all things reasonably practicable, to diminish loss under this additional coverage.

P. Lost Key Coverage

If your keys or key cards used to access buildings or structures described on the Declarations are lost or damaged caused by or resulting from a Covered Cause of Loss, we will pay the cost of replacing the keys or key cards and the repair or replacement of door locks, as required. Coverage includes the cost and expenses to refit a building with new locks and keys after the loss or damage of a master key held in your care, custody and control.

Q. Miscellaneous Unnamed Locations

We will pay for any loss or damage caused by a Covered Cause of Loss at any Miscellaneous Unnamed Location.

For the purpose of this insurance Miscellaneous Unnamed Locations is defined as a location owned, leased or rented by the Insured, but not specified in the Schedule of Locations and not considered Newly Acquired or Constructed Property and which is located within the Coverage Territory described in the policy.

R. Newly Acquired or Constructed Property

Under the Building and Personal Property Coverage Form, A. COVERAGE, paragraph 5. Coverage Extensions, a. Newly Acquired or Constructed Property reference to \$250,000 in subparagraph (1) is deleted and replaced by the Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

S. Ordinance or Law Coverage – Coverage A, B, and C Combined Limit

The most we will pay under this Additional Coverage described below for loss or damage in any one “occurrence” is the Sub-Limit shown in the Schedule. This Sub-Limit is the Combined Limit of Insurance for Coverages A, B, and C described below.

Coverage A – Loss to the Undamaged Portion of the Building

In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires the demolition of the undamaged portion of the same building.

Coverage B – Demolition Cost

In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the cost to demolish the building and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property. Coinsurance does not apply to this Additional Coverage.

Coverage C – Increased Cost of Construction

1. In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased cost to:
 - a. Repair or reconstruct damaged portions of that building; or
 - b. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However,

- a. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
 - b. We will not pay for the increased cost of construction if the building is not repaired, reconstructed, or remodeled.
2. Coinsurance does not apply to this Additional Coverage.

Under this Additional Coverage, we will not pay for:

1. The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot or bacteria.
2. Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet rot, dry rot or bacteria.
3. Any costs due to an ordinance or law that:
 - a. You are required to comply with before the loss, even when the building was undamaged; and
 - b. You failed to comply.

The following Additional Loss Provisions apply to this Additional Coverage:

1. For loss in value to the undamaged portion of a building to which this Additional Coverage applies, loss payment, including damaged and undamaged portions, will be determined as follows:

If Replacement Cost applies and the property is being repaired or replaced, on the same or another location, we will pay the lesser of:

- a. The amount you actually spend to repair, rebuild, or reconstruct the building, but not for more than the amount it would cost to restore the building on the same location and to the same height, floor area, style and comparable quality of the original property insured; or
- b. The Limit of Insurance shown in the Declarations as applicable to the covered Building that is damaged.

If Replacement Cost applies and the property is not repaired or replaced, or if Replacement Cost does not apply, we will pay the lesser of:

- a. The actual cash value of the building at the time of loss; or
- b. The Limit of Insurance shown in the Declarations as applicable to the covered Building.

2. Loss payment for Demolition Cost will be determined as follows:

We will pay the amount you actually spend to demolish and clear the site of the described premises.

3. Loss payment for Increased Cost of Construction will be determined as follows:

We will not pay for Increased Cost of Construction:

- a. Until the property is actually repaired, reconstructed, remodeled or replaced at the same or another location; and
- b. Unless the repairs, reconstruction, remodeling or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may, in our sole discretion, extend this period in writing during the two years.

T. Outdoor Property

Under the Building and Personal Property Coverage Form, A. COVERAGE, paragraph 5. Coverage Extensions, e. Outdoor Property reference to \$1,000, but not more than \$250 per tree, shrub or plant is deleted and replaced by the Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

U. Personal Effects and Property of Others

Under the Building and Personal Property Coverage Form, A. COVERAGE, paragraph 5. Coverage Extensions, b. Personal Effects And Property of Others reference to \$2,500 at each described premises is deleted and replaced by the Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

V. Pollutant Clean-Up and Removal Coverage

Under the Building and Personal Property Coverage Form, A. COVERAGE, paragraph 4. Additional Coverages, d. Pollutant Clean Up And Removal reference to \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss is deleted and replaced by the Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

W. Professional Fees

This policy is extended to cover reasonable and necessary "Claim Preparation Costs" (as defined below) incurred by you at our request for the purpose of determining the extent or amount of insured loss or damage as a result of a Covered Cause of Loss under this policy, provided that you obtain our prior written approval for the vendor to be engaged by you.

"Claim Preparation Costs" means:

1. The cost of taking inventory and the cost of gathering and preparing other data to substantiate the extent or amount of loss or damage; and
2. The cost of services provided by accountants, contractors and engineers solely for the purpose of determining the extent or amount of loss or damage.

"Claim Preparation Costs" does not mean and does not include:

1. Legal fees, charges and expenses;

2. Fees and costs of a public claims adjuster, claim consultant, insurance broker or agent (except forensic accounting services), or any person acting for or on behalf of a public claims adjuster, claim consultant, or insurance broker or agent;
3. Costs associated with negotiation or presentation of any claim or part of a claim that we have advised you is disputed or denied;
4. Costs associated with establishing that any claim or part of a claim is covered by the policy;
or
5. Costs which represent your overhead or operating expense, including salaries of your employees.

X. Property Off Premises

Under the Building and Personal Property Coverage Form, A. COVERAGE, paragraph 5. Coverage Extensions, d. PROPERTY OFF-PREMISES, reference to \$10,000 in Subparagraph (3) is deleted and replaced by the Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

Y. Reclaiming, Restoring, or Repairing Land Improvements

We will pay for expenses resulting from the cost of reclaiming, restoring or repairing land improvements. Land improvements are defined as any alteration to the natural condition of the land by grading, natural or man-made landscaping, earthen dikes or dams, and additions to land such as signs, pavements, sidewalks, roadways, drainage systems, irrigation systems, or similar works, provided the loss is the result of a Covered Cause of Loss.

Z. Reward Reimbursement

We will pay reward reimbursement for information that leads to a criminal conviction in connection with loss or damage to covered property due to theft, vandalism or "arson".

Definition: "Arson" means the willful and deliberate burning of property.

AA. Royalties

Under the Business Income (And Extra Expense) Coverage Form and the Business Income (Without Extra Expense) Coverage Form, this Policy is extended to cover loss of Business Income sustained by you under a royalty, licensing fee, or commission agreement between you and another party during the "period of restoration" arising out of direct physical loss or damage by a Covered Cause of Loss during the term of this policy to real or personal property of such other party, only if such royalties, fees or commissions are shown as such on the Statement of Values. When determining the amount payable, we will consider the amount of income derived by you from such agreements before, and the probable amount of income after, the date of loss or damage.

BB. Utility Services Coverage – Excluding Transmission and Distribution Lines

We will pay for loss of or damage to Covered Property caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to any off premises water, communication or power supply services to your business. Coverage does not apply to overhead transmission lines including distribution lines. Further, coverage under this endorsement for loss or damage to Covered Property does not apply to loss or damage to "electronic data", including destruction or corruption of "electronic data".

CC. Spoilage

This policy is extended to cover spoilage as a direct result of a Covered Cause of Loss and subject to the additional exclusions listed below. We shall be liable for direct physical loss or damage to:

1. "Perishable goods" due to spoilage;
2. "Perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
3. "Perishable goods" due to spoilage caused by a Covered Cause of Loss to equipment that is owned by a utility, landlord, or other supplier of any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam. If you are unable to replace the perishable goods before its anticipated sale, payment will be determined on the basis of the sales price of the perishable goods at the time of the loss, less discounts and expenses that otherwise would have been incurred. Otherwise, payment will be determined in accordance with the Valuation provision of this policy.

"Perishable Goods" means personal property:

1. Maintained under controlled conditions for its preservation, and
2. Susceptible to loss or damage if the controlled conditions change.

Additional Exclusions: We shall not be liable for loss or damage caused by or resulting from:

1. The disconnection of any refrigerating, cooling or humidity control system from the source of power.
2. 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.

DD. Transit

You may extend the insurance provided by this policy to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

Loss or damage must be caused by or result from one of the following causes of loss:

1. Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
2. Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
3. Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

EE. Valuable Papers and Records (Other than Electronic Data)

Under the Building and Personal Property Coverage Form, A. COVERAGE, paragraph 5. Coverage Extensions, c. Valuable Papers and Records (Other than Electronic Data), reference to

\$2,000 in subparagraph (4) is deleted and replaced by the Sub-Limit shown in the Schedule of Sub-Limits of Insurance.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 11

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

SCHEDULE*

Bldg. No./ Prem. No.	Cov. A	Cov. B Limit Of Insur.	Cov. C Limit Of Insur.	Cov. B And C Combined Limit Of Insur.
All / All	Included			\$2,500,000 Per occurrence sublimit, this is part of, not in addition to, the Limit of Insurance **
*Information required to complete the Schedule, if not shown above, will be shown in the Declarations.				
**Do not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages B and C , or if one of these Coverages is not applicable.				

A. Each Coverage – Coverage **A**, Coverage **B** and Coverage **C** – is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for that Coverage(s) in the Schedule.

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement apply only if both **B.1.** and **B.2.** are satisfied and are then subject to the qualifications set forth in **B.3.**

1. The ordinance or law:
 - a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - b. Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2.
 - a. The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of or compliance with the ordinance or law; or
 - b. The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.
 - c. But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

3. In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A, B,** and/or **C** of this endorsement. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section **H.** of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this endorsement.

C. We will not pay under Coverage **A, B** or **C** of this endorsement for:

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

D. Coverage

1. Coverage A – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

2. Coverage B – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

3. Coverage C – Increased Cost Of Construction Coverage

a. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

- b.** When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **3.a.** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **3.a.**:

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

The items listed in **b.(1)** through **b.(4)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **3.b.**

E. Loss Payment

1. All following loss payment Provisions, **E.2.** through **E.5.**, are subject to the apportionment procedures set forth in Section **B.3.** of this endorsement.
2. When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - a.** If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 - (1) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
 - b.** If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:

- (1) The actual cash value of the building at the time of loss; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
3. Unless Paragraph **E.5.** applies, loss payment under Coverage **B** – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The applicable Limit of Insurance shown for Coverage **B** in the Schedule above.
4. Unless Paragraph **E.5.** applies, loss payment under Coverage **C** – Increased Cost of Construction Coverage will be determined as follows:

a. We will not pay under Coverage **C**:

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

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **C** is the lesser of:

- (1) The increased cost of construction at the same premises; or
- (2) The applicable Limit of Insurance shown for Coverage **C** in the Schedule above.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **C** is the lesser of:

- (1) The increased cost of construction at the new premises; or
- (2) The applicable Limit of Insurance shown for Coverage **C** in the Schedule above.

5. If a Combined Limit of Insurance is shown for Coverages **B** and **C** in the Schedule above, Paragraphs **E.3.** and **E.4.** of this endorsement do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit of Insurance shown for Coverages **B** and **C** in the Schedule above. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

b. With respect to the Increased Cost of Construction:

(1) We will not pay for the increased cost of construction:

(a) Until the property is actually repaired or replaced, at the same or another premises; and

(b) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

F. The terms of this endorsement apply separately to each building to which this endorsement applies.

G. Under this endorsement we will not pay for loss due to any ordinance or law that:

1. You were required to comply with before the loss, even if the building was undamaged; and

2. You failed to comply with.

H. Example of Proportionate Loss Payment for Ordinance Or Law Coverage Losses (procedure as set forth in Section **B.3.** of this endorsement).

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: \$60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

Step 2:

Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this endorsement for the Coverage **C** loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

Note: The same procedure applies to losses under Coverages **A** and **B** of this endorsement.

I. The following definition is added:

“Fungus” means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 12

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WARRANTIES

This endorsement modifies insurance provided under this policy.

SCHEDULE

Premises Number and/or Location Address	Building Number	Warranted Protective Safeguards Symbols Applicable
All	All	W1, W5
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following is added to the Commercial Property Conditions:

Warranted Protective Safeguards

1. As a condition of this insurance, you are required to both have in existence (as you or your representative have represented to us or have accepted as a condition for securing coverage under this policy) and to maintain the protective safeguards listed in the Schedule above and as described below.
2. The protective safeguards to which this endorsement applies are identified by symbols representing the Protective Safeguard described.

IT IS WARRANTED BY YOU AS A CONDITION PRECEDENT TO THE ACCEPTANCE OF THIS INSURANCE THAT:

“W1” AUTOMATIC SPRINKLER SYSTEM – The insured premises is protected by a fully functioning “Automatic Sprinkler System” and, based on that protection, you shall exercise due diligence in maintaining, in complete working order, all equipment and services pertaining to its operation which are under your control. You shall give immediate notice to us of any impairment in or suspension of such equipment or service.

“Automatic Sprinkler System” means: (a) Any automatic fire protective or extinguishing system, including connected sprinklers and discharge nozzles; ducts, pipes, valves and fittings; tanks, their component parts and supports; and pumps and private fire protection mains; and (b) When supplied from an automatic fire protective system, non-automatic fire protective systems; and hydrants, standpipes and outlets.

“W2” CENTRAL STATION SPRINKLER ALARM SYSTEM – The insured premises is protected by a fully functioning Central Station Sprinkler Alarm System and, based on that protection, you shall exercise due diligence in maintaining, in complete working order, all equipment and services pertaining to its operation which are under your control. You shall give immediate notice to us of any impairment in or suspension of such equipment or service.

“W3” CENTRAL STATION BURGLAR ALARM SYSTEM – The insured premises is protected by a fully functioning Central Station Burglar Alarm System and, based on that protection, you shall exercise due diligence in maintaining, in complete working order, all equipment and services pertaining to its operation which are under your control. You shall give immediate notice to us

of any impairment in or suspension of such equipment or service.

- “W4” CENTRAL STATION FIRE AND/OR SMOKE ALARM SYSTEM – The insured premises is protected by a fully functioning Central Station Fire And/Or Smoke Alarm System and, based on that protection, you shall exercise due diligence in maintaining, in complete working order, all equipment and services pertaining to its operation which are under your control. You shall give immediate notice to us of any impairment in or suspension of such equipment or service.
- “W5” ANSUL OR EQUIVALENT COOKING EXTINGUISHING SYSTEM – Insofar as is within your control, each and every commercial cooking occupancy of any location insured hereunder is protected by an approved ANSUL (or equivalent) chemical extinguishing system, including a hood, grease removal device and duct system, fully functioning and maintained in proper working order at all times during the currency of this policy. You shall give immediate notice to us of any impairment in or suspension of such equipment or service.
- “W6” LOCKED and SECURED – The premises insured under this policy shall be kept locked and secured against unauthorized entry throughout the currency of this policy.
- “W10” WATCHMAN – Insofar as is within your control, a contracted on-premises security service, that includes a recording system or watch clock, shall be maintained and making hourly rounds covering the entire building, at such times as the premises are not in actual operation. You shall give immediate notice to us of any impairment in or suspension of such service.
- “W11” CARETAKER – The premises insured under this policy will have a caretaker on the premises throughout the currency of this policy. You shall give immediate notice to us of any impairment in or suspension of such service.
- “W12” ROLL DOWN GATE – The premises insured shall be protected by roll down gates.

FAILURE TO COMPLY WITH THE WARRANTED PROTECTIVE SAFEGUARDS AS LISTED IN THE SCHEDULE ABOVE SHALL SUSPEND ALL COVERAGE UNDER THIS POLICY FOR ALL PREMISES NOT IN COMPLIANCE, AND THIS SUSPENSION SHALL LAST UNTIL SUCH TIME AS THE PROTECTION OF THE PREMISES MEETS THE WARRANTED CONDITIONS STATED ABOVE.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 13

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTERIOR INSULATION AND FINISH SYSTEM (EIFS) EXCLUSION

This endorsement modifies insurance provided under all Coverage Parts.

- A. It is agreed the following exclusion applies to any loss or damage to buildings, personal property, business income, rental income or extra expense in the event that loss or damage occurs to any Building or personal property contained within any Building designed, manufactured, constructed, fabricated, prepared or installed with or that incorporates an “exterior insulation and finish system”.

We will not pay for loss or damage:

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

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss.

3. Caused by or resulting from fire or water / moisture intrusion damage.

However, this exclusion does not apply to “exterior insulation and finish system” that is applied to concrete, gypsum block, hollow concrete block or any other wall constructed of masonry materials.

- B. The following definition is added:

An “exterior insulation and finish system” means an exterior cladding or finish system applied to a house or other building, and consisting of:

1. A rigid or semi-rigid sheathing or insulation board, including gypsum-based, wood-based, or insulation-based materials;
2. The adhesive or mechanical fasteners used to attach the sheathing or insulation board to the substrate;
3. A reinforcing mesh that is embedded in a coating applied to the sheathing or insulation board; and
4. A finish coat.

An “exterior insulation and finish system” includes Dryvit® systems and synthetic stucco exterior cladding or finish systems.

- C. The following is added to the Commercial Property Conditions

Warranty of No Exterior Insulation And Finish System

Warranted as a material fact represented by you that no “exterior insulation and finish system” is present at any location listed on the Declarations.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 14

Policy Number: ESP7304358-01

Named Insured: NZR, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: April 2, 2019

COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions); and
 - b. Puerto Rico;unless otherwise stated within the applicable Coverage Form or an endorsement to the policy.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.



(A Missouri Corporation)

Home Office Address:
 2345 Grand Blvd.
 Suite 900
 Kansas City, Missouri 64108

Administrative Address:
 Harborside 3
 210 Hudson Street, Suite 300
 Jersey City, NJ 07311-1107
 Tel: (866) 413-5550

Commercial Inland Marine Coverage Part Declarations

Policy Number	ESP7304358-01
Renewal of	ESP7304358-00
Named Insured	NZR, LLC
Effective Date	April 2, 2019
Expiration Date	April 2, 2020

Description of Premises	
Premises Number	All
Building Number	All
Location, Construction, and Occupancy	As per schedule of locations on file with the company
Coverage	
Coverage	Fine Arts (Art Work Graffiti Wall)
Limit of Insurance	\$40,000
Deductible	Included
Total Premium	Included
Mortgage Holder/Loss Payee	
Form(s)/Endorsement(s)	
Applicable To All Coverages	See Schedule of Forms and Endorsements Form 00 ML0012 00 01 03

These Declarations, when combined with the common policy declarations, the common policy conditions, coverage form(s) and endorsements, if any, issued to form a part thereof, complete the contract of insurance.

COMMERCIAL FINE ARTS COVERAGE FORM

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

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

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

A. COVERAGE

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

1. Covered Property

We cover:

Your fine arts and fine arts of others that are in your care, custody or control and for which you are responsible for up to the Limit of Insurance specified on each item in the schedule of property shown on the Declarations.

2. Property Not Covered

We do not cover:

- a. Property on exhibition at fair grounds or on the premises of any national or international exposition.
- b. Property that has been improperly packed or unpacked.
- c. Property held for sale.
- d. Contraband or property in the course of illegal transportation or trade.

3. Covered Causes of Loss

We will cover direct physical loss of or damage to Covered Property except those causes of loss or damage listed in the Exclusions.

4. Additional Coverages

a. Pollutant Clean Up and Removal

We will pay your expenses to extract "pollutants" from land, air, water or Covered Property at the insured 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 one hundred eighty (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, air, water or Covered Property.

The most we will pay at 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 twelve (12) month period of this policy. The amount payable under this Additional Coverage is additional insurance.

We will not pay under this Additional Coverage your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

5. Coverage Extensions

The Limit of Insurance for each of the following Coverage Extensions is included within the Limits of Insurance applicable to the property listed on the Declarations.

a. Newly Acquired Property

If during the policy period you acquire additional property of a type already covered by this form, we will cover such property for up to 30 days after you acquire it or until the policy ends, whichever is sooner. We will cover such additional property for the lesser of the following amounts:

- (1) 25% of the total Limit of Insurance shown on the Declarations; or
- (2) \$250,000.

You agree to report the value of such property to us within the 30 day period and to pay an additional premium from the date you acquire it. If you fail to report the property, coverage automatically ends 30 days after the date you acquire the property or at the end of the policy period, whichever occurs first.

b. Debris Removal

- (1) 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.
- (2) The most we will pay under this Coverage Extension is:
 - (a) 25% of the amount we pay for the direct loss or damage; plus
 - (b) The Deductible in this policy applies to that loss or damage.
- (3) This Coverage Extension does not apply to costs to:
 - (a) Extract “pollutants” from land, air, water or Covered Property; or
 - (b) Remove, restore or replace polluted land, air, water or Covered Property.

B. EXCLUSIONS

1. We will not pay for loss or damage caused by or resulting from:
 - a. Delay, loss of use, loss of market or any other consequential loss.

- b.** Unexplained disappearance or shortage found upon taking inventory.
- c.** Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, rust or corrosion.
- d.** Animals, insects, vermin or rodents.
- e.** Dishonest or criminal act (including theft) committed by:
 - (1)** You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees, or authorized representatives;
 - (2)** A Manager or a member if you are a limited liability company; or
 - (3)** Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

- f.** Breakage of art glass windows, statuary, marble, glassware, bric-a-brac, porcelains and similar fragile articles.

But we will pay for direct physical loss or damage resulting from:

- (1)** Fire, lightning or explosion.
 - (2)** Theft and/or attempted theft.
 - (3)** Cyclone, tornado or windstorm.
 - (4)** Collision or overturn of the transporting conveyance.
 - (5)** Flood, surface water, waves, tidal waves or overflow of any body of water.
 - (6)** Earthquake.
 - (7)** Vandalism and malicious mischief.
 - (8)** Rioters or strikers.
 - (9)** Aircraft.
- g.** Repair, restoration, or retouching or work upon the Covered Property.
 - h.** The discharge, dispersal, seepage, migration, release or escape of "pollutants".

- i. 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.
 - j. Unauthorized instructions to transfer property to any person or to any place.
 - k. 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. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.
2. We will not pay for a 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 or damage.

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

b. Nuclear Hazard

(1) Any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation or radioactive contamination from any other cause.

But we will pay for direct loss of or damage caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

(1) War, including undeclared or civil war;

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

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

d. Earth Movement

(1) 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 **d.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

Paragraph **(1)** of this Exclusion **d. Earth Movement** does not apply to the extent coverage is provided in Exclusion **1.f.(6)**.

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

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

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

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

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

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

e. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not (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; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; 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, as described in e.(1) through e.(5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

Paragraph (1) of this Exclusion f. **Flood** does not apply to the extent coverage is provided in Exclusion 1.f.(5).

This Exclusion does not apply to property in transit.

Exclusions B.2.a. through B.2.e. apply whether or not the loss event results in widespread damage or affects a substantial area.

C. LIMITS OF INSURANCE

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

D. DEDUCTIBLE

We will not pay for loss or damage in any one "occurrence" until the amount of the adjusted loss or damage before applying the applicable Limits of Insurance exceeds the Deductible shown on the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

This Coverage Form is subject to the following conditions in addition to the Common Policy Conditions and the Commercial Inland Marine Conditions:

1. Coverage Territory

- a. We cover property wherever located within the United States (including its territories and possessions) and Puerto Rico.
- b. We will also cover property wherever located within Canada, but only for thirty (30) consecutive days. Coverage begins at the time the property leaves the Coverage Territory listed in 1.a. above. and automatically ends after thirty (30) days or at the expiration of the policy period, whichever occurs first.

2. Valuation

General Condition E. - Valuation of the Commercial Inland Marine Conditions is replaced by the following:

- a. The Covered Property will be valued in the event of loss or damage at the Limit of Insurance shown on the schedule for each item. This will be the agreed value of each item or if the item is newly acquired, the value will be the fair market price.
- b. The most we will pay in the event of a loss of or damage to Covered Property is the least of the following amounts:
 - (1) The value determined in a. above;
 - (2) The cost of restoring the property to its condition immediately before the loss or damage; or
 - (3) The cost of replacing the property with substantially identical property.

However, in the event of a total loss or damage of a scheduled item which is part of a pair or set, we will pay the full Limit of Insurance for such pair or set as shown on the schedule. You will surrender to us the remaining item(s) of the pair or set.

3. Buy Back

a. Undamaged Property and/or Partial Loss

If we pay you for property and that property is recovered you have the right to buy that property from us. The price of the property will be the sum of the amount we paid you for the property, loss or damage adjustment amount determined by us, recovery expenses and interest. Interest will be 1% plus the prime rate as of the date we paid you.

b. Damaged Property - Total Loss

You may buy back damaged property we have paid you for a total loss or damage. The price of the property will be the fair market value of the lost or damaged property as of the date of your repurchase.

We will attempt to notify you of any lost or damaged or recovered property you may buy back. You will have 65 days from the mailing date of the notice to repurchase the property.

4. Packing and Unpacking

You agree that covered property will be packed and unpacked by competent packers.

F. DEFINITIONS

- 1. **“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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

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

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

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

C. Duties In The Event Of Loss

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

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.

D. Insurance Under Two Or More Coverages

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

E. Loss Payment

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
5. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:
 - a. We have reached agreement with you on the amount of the loss; or
 - b. An appraisal award has been made.
6. We will not be liable for any part of a loss that has been paid or made good by others.

F. Other Insurance

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

G. Pair, Sets Or Parts

1. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. Pay the difference between the value of the pair or set before and after the loss or damage.

2. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. Recovered Property

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

I. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

This shall not apply to the peril of Flood or Earthquake, wherein annual aggregate limits apply per the Flood or Earthquake coverage form. Flood and Earthquake coverage limits will be reduced or eroded by the payment of claims during the policy period.

J. Transfer Of Rights Of Recovery Against Others To Us

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

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

This will not restrict your insurance.

GENERAL CONDITIONS

A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

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

B. Control Of Property

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

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

C. Legal Action Against Us

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

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

D. No Benefit To Bailee

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

E. Policy Period, Coverage Territory

We cover loss or damage commencing:

1. During the policy period shown in the Declarations; and
2. Within the coverage territory.

F. Valuation

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.