

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

CASE NO.

SHORTY'S INC.,  
a Florida corporation,

Plaintiff,

v.

WESTERN WORLD INSURANCE COMPANY,  
a New Hampshire Corporation,

Defendant.

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**COMPLAINT**

Plaintiff, Shorty's Inc. ("Shorty's"), sues Defendant Western World Insurance Company ("Western World") 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 Shorty's Inc. is a Florida corporation and operator of restaurants in and around Miami-Dade County, Florida.

3. Western World is a New Hampshire corporation based in New Jersey authorized to conduct business in Florida.

4. Venue lies in Miami-Dade County, Florida pursuant to Fla. Stat. § 47.051 because Western World has agents in Miami-Dade County, this is where the cause of action accrued, and where the property in litigation is located and where Plaintiff is located. *See also* Fla. Stat. § 47.011; Fla. Stat. § 47.041.

5. This Court has personal jurisdiction over Western World pursuant to Fla. Stat. § 48.193(1)(a) because Plaintiff's claim arises out of Western World conducting, engaging in and carrying on business in Florida; Western World's agents and brokers have offices in Florida; Western World breached its contract in Florida by failing to perform its contractual obligations that the insurance contract requires to be performed in Florida; and Western World contracted to insure Plaintiff's properties located in Florida.

6. All conditions precedent to this action have occurred, 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 faithfully paid their premiums. 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") issued by Western World.

17. Plaintiff purchased this commercial property insurance policy, with policy number BRB0006652, effective February 15, 2020.<sup>1</sup> *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 February 15, 2021, and insures Plaintiff's commercial properties, the restaurants at which Plaintiff conducts its business operations. The

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<sup>1</sup> Plaintiff is the first named insured under the Policy and seeks to recover damages on behalf of all named insureds.

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 operations.

20. Beginning in March 2020, Plaintiff was forced to suspend business operations as a result of the national emergency proclaimed to deal with the national COVID-19 pandemic and resultant civil authority orders, which prohibited access to the restaurant. This ongoing suspension has caused Plaintiff to suffer significant business income losses and 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 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.

23. The Policy defines Plaintiff's covered property as "Business Income" for which it will pay for the loss of 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. *Id.* at 33.

25. The Policy defines operations as Plaintiff's "business activities occurring at the described premises." *Id.* at 41.

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...." *Id.* at 38.

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. *Id.* at 35.

28. The Policy includes coverage for Extra Expense, providing Defendant will pay the necessary expenses Plaintiff incurs that it would not have incurred if there had been no loss of the property. *Id.* at 38.

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. *Id.* at 34.

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

30. Following the proclamation of a national emergency, Miami-Dade Mayor Carlos Jimenez issued Emergency Orders 3-20 and 7-20 severely restricting or closing non-essential businesses in Miami-Dade County. On March 9, 2020 Governor Ron DeSantis in response to President Trump's proclamation of a national state of emergency issued Executive Order 20-52

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. Governor DeSantis issued additional Executive Orders relating to the COVID-19 pandemic including Executive Order 20-70 on March 20, 2020 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.

31. 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.

32. Other similar state and local civil authority orders have been 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.

33. 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.

34. 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.

35. 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).

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

37. The nature of Plaintiff’s business is restaurants open to the public and a place where individuals socialize and gather in close proximity. As a direct result of the existence of the national COVID-19 emergency, and orders to close non-essential businesses in South Florida, Plaintiff suffered a physical loss of its business income and incurred extra expenses. The loss continues.

38. Further, the civil authority actions restricting the public from accessing Plaintiff’s premises and the area surrounding it resulted from dangerous physical conditions which caused a suspension of Plaintiff’s business operations and loss of business income. Almost 16,000 cases of COVID-19 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.

39. 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 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**

40. The business income losses Plaintiff has and continues to suffer, and the extra expenses Plaintiff has incurred are covered under the Policy, yet on March 29, 2020 Defendant denied coverage despite Plaintiff's timely notice of its claim.

41. Due to the proclaimed national disaster, state and local state of emergency declarations, and related civil authority orders, Plaintiff has suffered business income losses and incurred extra expenses.

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

43. 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.

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

**COUNT I**

**BREACH OF CONTRACT**

45. Plaintiff incorporates by reference paragraphs 1 – 44 as though fully set forth herein.

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

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

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

49. 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 COVID-19 disaster and resulting measures put in place by civil authority orders and thus has incurred substantial business income losses and extra expenses.

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

51. 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 this 28<sup>th</sup> day of May, 2020.

*/s/ Javier A. Lopez*

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*Counsel for Plaintiff*

# EXHIBIT A

STOCK COMPANY

# COMMERCIAL LINES POLICY

# WESTERN WORLD

An  company

POLICY NUMBER: BRB0006652

Prior Policy Number: NEW

WESTERN WORLD INSURANCE COMPANY     TUDOR INSURANCE COMPANY     STRATFORD INSURANCE COMPANY

SLA# A009843

Agent/Broker #19903

## COMMON POLICY DECLARATIONS

### Named Insured and Mailing Address:

Shorty's Inc.

DBA Shorty's Bar-B-Q  
9150 SW 87 Ave.  
Suite 205  
Miami, FL 33176

### Producer:

R-T Specialty, LLC  
477 S. Rosemary Avenue

West Palm Beach, FL 33401

### Policy Period: (Mo./Day/Yr.)

From: 02/15/2020

To: 02/15/2021

12:01 AM, standard time at your mailing address shown above.

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

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

Commercial Property Coverage Part	\$ 22,829.00
Commercial General Liability Coverage Part	\$ NOT COVERED
Commercial Auto Coverage Part	\$ NOT COVERED
_____	\$ _____
_____	\$ _____
_____	\$ _____
Other Coverages: Terrorism Risk Insurance Act	\$ NOT COVERED
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>TOTAL ADVANCE PREMIUM</b>	\$ 22,829.00
Inspection Fee	\$ 300.00
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>GRAND TOTAL</b>	\$ 23,129.00

Forms and endorsements applying to this policy and attached at time of issue:  
  
See Applicable Schedule Of Forms And Endorsements

COMMON POLICY DECLARATIONS (continued)

POLICY NUMBER: BRB0006652

<b>The Named Insured is:</b>	
<input type="checkbox"/> Individual	<input type="checkbox"/> Partnership
<input type="checkbox"/> Limited Liability Company	<input checked="" type="checkbox"/> Organization/Corporation
<input type="checkbox"/> Other	<input type="checkbox"/> Trust
Location of Business: See PRDS01	Business Description: RESTAURANTS

THESE DECLARATIONS TOGETHER WITH THE COVERAGE PART DECLARATIONS, THE COMMON POLICY CONDITIONS, COVERAGE FORM(S), AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

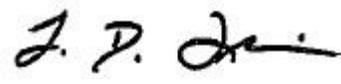
**WESTERN WORLD INSURANCE GROUP**

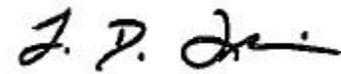
Western World Insurance Company  
Tudor Insurance Company  
Stratford Insurance Company

Administrative Office  
300 Kimball Drive, Suite 500  
Parsippany, New Jersey 07054

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy. If required by state law, this policy shall not be valid unless countersigned by **our** authorized representative.

  
Secretary

  
President

Countersigned:  02/19/2020 WOSMARY	By  Authorized Representative
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## **NOTICE - CLAIM REPORTING**

### **To report a claim you may:**

- Visit our website at: [www.westernworld.com](http://www.westernworld.com)
- E-mail us at: [reportclaim@westernworld.com](mailto:reportclaim@westernworld.com)
- Call our toll-free telephone number at: 1-888-847-8600
- Fax us at: 1-201-847-7701
- Mail us at:

300 Kimball Drive  
Suite 500  
Parsippany, NJ 07054  
Attn: New Claims

# SCHEDULE OF FORMS AND ENDORSEMENTS

POLICY NUMBER: BRB0006652	NAMED INSURED Shorty's Inc.  DBA Shorty's Bar-B-Q
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Form/Endorsement No./Edition Date Title (Note- Titles are indications only. See actual form for correct name.)

WW230(06_17)	COMMON POLICY DECLARATIONS
WW497(01_18)	NOTICE - CLAIM REPORTING
WW22(06_16)	SERVICE OF SUIT
IL0017(11_98)	COMMON POLICY CONDITIONS
WWME011(06_11)	MANUSCRIPT ENDORSEMENT
WWME012(06_11)	MANUSCRIPT ENDORSEMENT
WW10B(10_05)	SCHEDULE OF NAMED INSUREDS
WW604FL(09_11)	FLORIDA CANCELLATION AND NONRENEWAL
PRDS01(06_17)	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
WW425(02_08)	EXCL OF CHEMICAL AND BIOLOGICAL LOSS OR DAMAGE
WW458(06_13)	ASBESTOS EXCLUSION
CP0010(06_07)	BUILDING & PERSONAL PROPERTY COVERAGE FORM
CP0030(06_07)	BUSINESS INCOME & EXTRA EXPENSE COVERAGE FORM
CP0090(07_88)	COMMERCIAL PROPERTY CONDITIONS
CP0140(07_06)	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP0405(10_12)	ORDINANCE OR LAW COVERAGE
CP0411(10_12)	PROTECTIVE SAFEGUARDS
CP1030(06_07)	CAUSES OF LOSS - SPECIAL FORM
IL0935(07_02)	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL0953(01_15)	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
ILP001(01_04)	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS
PR1001(10_14)	WATER EXCLUSION
PR1002(10_14)	EARTH MOVEMENT EXCLUSION
PR1202(09_19)	LIMITS OF INSURANCE ENDORSEMENT
PR1212(12_19)	ACTUAL CASH VALUE DEFINITION ENDORSEMENT
PR1401(03_15)	PRIOR LOSS
PR9908(08_19)	PROPERTY PLUS - DIRECT DAMAGE ENDORSEMENT
PR9909(04_15)	MINIMUM EARNED PREMIUM
PR9919(09_19)	LIMITATION ON COVERAGE FOR ROOF SURFACING
WWEB2(10_10)	EQUIPMENT BREAKDOWN COVERAGE

**ADDITIONAL FORMS AND ENDORSEMENTS**

**This Endorsement Modifies Your Policy.  
Please Read It Carefully.**

## **SERVICE OF SUIT**

The Company appoints the Commissioner of Insurance as its true and lawful attorney for acceptance of service of all legal process issued in this state in any action, suit or proceeding arising out of this contract of insurance. The Company authorizes the Commissioner to forward such process to:

In California: Richard Glucksman, Chapman Glucksman, 11900 West Olympic Boulevard, Suite 800, Los Angeles, CA 90064

All Other States: Western World Insurance Group, Claims Department, 300 Kimball Drive, Suite 500, Parsippany, NJ 07054

The above-named are authorized to accept service of process on behalf of the Company in any legal proceeding in the applicable state(s).

## 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.

## **WWME011 - Manuscript Endorsement 011**

In consideration of the premium charged, it is understood and agreed that Actual Cash Valuation (ACV) applies to roofs greater than 15 years old per the schedule on file with the Company.

## **WWME012 - Condition of Coverage**

It is is hereby understood and agreed Condition of Coverage is that heat will be maintained above 55 degrees Fahrenheit or pipes will be fully drained during the entirety of the policy period. If not maintained, water damage exclusion applies.

**This Endorsement Modifies Your Policy**  
**(Effective At Inception Unless another Date Shown)**

**SCHEDULE OF NAMED INSUREDS**

Shorty's Inc.  
Shorty's IV  
Shorty's II  
Shorty's III  
9180 LLC  
9200 LLC  
dba Shorty's Bar-B-Q  
The Robert Litowitz Revocable Trust

(Complete this section if endorsement is added after policy is issued.)

Policy Number	Endorsement Number	Endorsement Effective Date

Signature of Authorized Representative	Producer Number
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## **FLORIDA CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

### **ALL COVERAGE PARTS**

**A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:**

#### **2. Cancellation Of Policies In Effect**

##### **a. For 90 Days Or Less**

If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the reasons for cancellation, at least:

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

**(2)** 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:

**(a)** A material misstatement or misrepresentation; or

**(b)** A failure to comply with the underwriting requirements established by the insurer.

##### **b. For More Than 90 Days**

If this policy has been in effect for more than 90 days, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the reasons for cancellation, at least:

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

**(2)** 45 days before the effective date of cancellation if we cancel for any other reason.

**B.** The following is added and supersedes any other provision to the contrary:

#### **NONRENEWAL**

**1.** If we decide not to renew this policy we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the reason for nonrenewal, at least 45 days prior to the expiration of this policy.

**2.** Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.



**COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS (continued)**

<b>B. COVERAGES PROVIDED AND LIMITS OF INSURANCE AND/OR SUB-LIMITS OF INSURANCE</b>				
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY TO COVERAGES FOR WHICH A LIMIT OF INSURANCE OR SUB-LIMIT OF INSURANCE IS SHOWN IN THE SCHEDULE BELOW (INCLUDING X FOR COVERAGE, \$ OR TEXT FOR LIMIT OF INSURANCE OR SUB-LIMIT OF INSURANCE).				
<b>"X" in this column means the coverage applies.</b>	<b>COVERAGE</b>	<b>LIMIT OF INSURANCE</b>	<b>SUB-LIMIT OF INSURANCE</b>	<b>PER OCCURRENCE, ANNUAL AGGREGATE, OR OTHER</b>
X	PER APPLICABLE CAUSES OF LOSS FORM - WINDSTORM OR HAIL	Included in 2.A. Limit		PER OCCURRENCE
	PR 1003 - EARTHQUAKE AND VOLCANIC ERUPTION		\$	ANNUAL AGGREGATE
	MASONRY VENEER OPTION APPLIES		PER PR 1003	PER PR 1003
	EARTHQUAKE - SPRINKLER LEAKAGE ONLY APPLIES		PER PR 1003	PER PR 1003
	PR 1004 - FLOOD		\$	ANNUAL AGGREGATE
	UNDERLYING INSURANCE WAIVER APPLIES		PER PR 1004	PER PR 1004
	PR 1015 - EARTH MOVEMENT		\$	ANNUAL AGGREGATE
	PR 9907 - INCREASED RADIUS	PER PR 9907	PER PR 9907	PER PR 9907
X	PR 9908 - PROPERTY PLUS - DIRECT DAMAGE	PER PR 9908	PER PR 9908	PER PR 9908
X	WWEB2 - EQUIPMENT BREAKDOWN	Included in 2. A. Building and/or Business Personal Property Limit		PER OCCURRENCE
	EXPEDITING EXPENSE (IF SUB-LIMIT IS OTHER THAN \$25,000)		\$	PER OCCURRENCE
	HAZARDOUS SUBSTANCES (IF SUB-LIMIT IS OTHER THAN \$25,000)		\$	PER OCCURRENCE
	DATA RESTORATION (IF SUB-LIMIT IS OTHER THAN \$25,000)		\$	PER OCCURRENCE
	SPOILAGE (IF SUB-LIMIT IS OTHER THAN \$25,000)		\$	PER OCCURRENCE
X	CP 0405 - ORDINANCE OR LAW			
X	COVERAGE A - COVERAGE FOR LOSS TO THE UNDAMAGED PORTION OF THE BUILDING	Included in 2. A. Building Limit		PER OCCURRENCE
	COVERAGE B - DEMOLITION COST COVERAGE	\$		PER OCCURRENCE
	COVERAGE C - INCREASED COST OF CONSTRUCTION COVERAGE	\$		PER OCCURRENCE
X	COMBINED COVERAGE B and C	\$250,000		PER OCCURRENCE
	CP 0417 - UTILITY SERVICES DIRECT DAMAGE			
	WATER SUPPLY, COMMUNICATION SUPPLY AND POWER SUPPLY (NOT INCLUDING OVERHEAD TRANSMISSION LINES)		\$	PER OCCURRENCE
	WATER SUPPLY, COMMUNICATION SUPPLY AND POWER SUPPLY (INCLUDING OVERHEAD TRANSMISSION LINES)		\$	PER OCCURRENCE
	CP 0418 - CONDOMINIUM COMMERCIAL UNIT - OWNERS OPTIONAL COVERAGE			
	LOSS ASSESSMENT	\$		PER OCCURRENCE
	SUB-LIMIT ON LOSS ASSESSMENT RESULTING FROM CONDOMINIUM ASSOCIATION DEDUCTIBLE (IF SUB-LIMIT IS OTHER THAN \$1,000)		\$	PER OCCURRENCE
	MISCELLANEOUS REAL PROPERTY	\$		PER OCCURRENCE
	CP 0440 - SPOILAGE COVERAGE - BREAKDOWN OR CONTAMINATION AND POWER OUTAGE		\$	PER OCCURRENCE
	SELLING PRICE APPLIES		PER CP 0440	PER CP 0440
	REFRIGERATION MAINTENANCE AGREEMENT APPLIES		PER CP 0440	PER CP 0440

**COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS (continued)**

"X" in this column means the coverage applies.	COVERAGE	LIMIT OF INSURANCE	SUB-LIMIT OF INSURANCE	PER OCCURRENCE, ANNUAL AGGREGATE, OR OTHER
	CP 1038 - DISCHARGE FROM SEWER, DRAIN OR SUMP (NOT FLOOD-RELATED)			
	DISCHARGE LIMIT (PROPERTY DAMAGE) - ANNUAL AGGREGATE LIMITATION DOES NOT APPLY		\$	PER OCCURRENCE
	DISCHARGE LIMIT (PROPERTY DAMAGE) - ANNUAL AGGREGATE LIMITATION APPLIES		\$	ANNUAL AGGREGATE
	PR 0401 - WATER UNDER THE GROUND SURFACE (NOT FLOOD-RELATED)			
	PRESSURE, FLOW, SEEPAGE (PROPERTY DAMAGE) - ANNUAL AGGREGATE LIMITATION DOES NOT APPLY		\$	PER OCCURRENCE
	PRESSURE, FLOW, SEEPAGE (PROPERTY DAMAGE) - ANNUAL AGGREGATE LIMITATION APPLIES		\$	ANNUAL AGGREGATE
X	PER APPLICABLE BUSINESS INCOME FORM			
	MAXIMUM PERIOD OF INDEMNITY - 120 DAYS	Included in 2. A. Business Income Limit		PER OCCURRENCE
	MONTHLY PERIOD OF INDEMNITY - 1/3	Included in 2. A. Business Income Limit		PER OCCURRENCE
	MONTHLY PERIOD OF INDEMNITY - 1/4	Included in 2. A. Business Income Limit		PER OCCURRENCE
X	MONTHLY PERIOD OF INDEMNITY - 1/6	Included in 2. A. Business Income Limit		PER OCCURRENCE
	MONTHLY PERIOD OF INDEMNITY - 1/12	Included in 2. A. Business Income Limit		PER OCCURRENCE
	BUSINESS INCOME AGREED VALUE	Included in 2. A. Business Income Limit		PER OCCURRENCE
	EXTENDED PERIOD OF INDEMNITY - 180 DAYS	Included in 2. A. Business Income Limit		PER OCCURRENCE
X	WWEB2 - EQUIPMENT BREAKDOWN			
	BUSINESS INTERRUPTION	Included in 2. A. Business Income Limit		PER OCCURRENCE
	SERVICE INTERRUPTION		\$	PER OCCURRENCE
	CP1038 - DISCHARGE FROM SEWER, DRAIN OR SUMP (NOT FLOOD-RELATED)			
	DISCHARGE LIMIT (BUSINESS INTERRUPTION) - ANNUAL AGGREGATE LIMITATION DOES NOT APPLY		\$	PER OCCURRENCE
	DISCHARGE LIMIT (BUSINESS INTERRUPTION) - ANNUAL AGGREGATE LIMITATION APPLIES		\$	ANNUAL AGGREGATE
	PR 0401 - WATER UNDER THE GROUND SURFACE (NOT FLOOD-RELATED)			
	PRESSURE, FLOW, SEEPAGE (BUSINESS INTERRUPTION) - ANNUAL AGGREGATE LIMITATION DOES NOT APPLY		\$	PER OCCURRENCE
	PRESSURE, FLOW, SEEPAGE (BUSINESS INTERRUPTION) - ANNUAL AGGREGATE LIMITATION APPLIES		\$	ANNUAL AGGREGATE

**COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS (continued)**

"X" in this column means the coverage applies.	COVERAGE	LIMIT OF INSURANCE	SUB-LIMIT OF INSURANCE	PER OCCURRENCE, ANNUAL AGGREGATE, OR OTHER
	PR1501 - OBSTRUCTION OF ACCESS	Included in 2. A. Business Income Limit		PER OCCURRENCE
	CP 1508 - BUSINESS INCOME FROM DEPENDENT PROPERTIES - BROAD FORM - CONTRIBUTING, RECIPIENT, MANUFACTURING AND LEADER LOCATIONS		\$	PER OCCURRENCE
	NOT INCLUDING SECONDARY CONTRIBUTING AND RECIPIENT LOCATIONS		PER CP 1508	PER CP 1508
	INCLUDING SECONDARY CONTRIBUTING AND RECIPIENT LOCATIONS		PER CP 1508	PER CP 1508
	CP 1531 - ORDINANCE OR LAW - INCREASED PERIOD OF RESTORATION	Included in 2. A. Business Income Limit		PER CP 1531
	CP 1532 - CIVIL AUTHORITY	Included in 2. A. Business Income Limit		PER CP 1532
	CP 1545 - UTILITY SERVICES TIME ELEMENT	Included in 2. A. Business Income Limit		PER OCCURRENCE
	WATER SUPPLY, COMMUNICATION SUPPLY AND POWER SUPPLY (NOT INCLUDING OVERHEAD TRANSMISSION LINES)		\$	PER OCCURRENCE
	WATER SUPPLY, COMMUNICATION SUPPLY AND POWER SUPPLY (INCLUDING OVERHEAD TRANSMISSION LINES)		\$	PER OCCURRENCE

IF THE PRIMARY PROVISIONS ENDORSEMENT IS PART OF THIS COVERAGE PART, COVERAGES PROVIDED AND LIMITS OF INSURANCE AND/OR SUB-LIMITS OF INSURANCE ARE PRIMARY. IF THE CONTRIBUTING INSURANCE ENDORSEMENT IS PART OF THIS COVERAGE PART, COVERAGES, LIMITS OF INSURANCE AND SUB-LIMITS OF INSURANCE ARE CONTRIBUTING PER ITEM 5. OF THESE DECLARATIONS.

**ITEM 3. OPTIONAL COVERAGES** - INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY WHEN ENTRIES ARE SHOWN IN THE SCHEDULE BELOW (# OR TEXT FOR PREMISES NO. AND BUILDING NO., X FOR COVERAGE, \$ OR % OR X OPTIONAL COVERAGES).

PREM. NO.	BLDG. NO.	BLDG.	BUSINESS PERSONAL PROPERTY	AGREED VALUE	INFLATION GUARD	REPLACE- MENT COST	REPLACE- MENT COST INCLUDING STOCK	EXTENSION OF REPLACEMENT COST TO PROPERTY OF OTHERS	FUNCTIONAL BUILDING VALUATION
All	All	X	X	Included in 2. A. Limit	%	X			Included in 2. A. Limit
				Included in 2. A. Limit	%				Included in 2. A. Limit

**COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS (continued)**

**ITEM 4. DEDUCTIBLE** - DEDUCTIBLES AT THE DESCRIBED PREMISES APPLY ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW (X FOR COVERAGE, AND \$, % OR # FOR DEDUCTIBLE).

"X" in this column means the coverage deductible(s) apply.	COVERAGE	DOLLAR OR PERCENTAGE DEDUCTIBLE PER OCCURRENCE	MINIMUM DEDUCTIBLE PER OCCURRENCE
	BUILDING	\$	
	BUSINESS PERSONAL PROPERTY	\$	
X	BUILDING AND BUSINESS PERSONAL PROPERTY	\$ 5,000	
	EQUIPMENT BREAKDOWN COVERAGE	\$	
	WINDSTORM OR HAIL	%	\$
	NAMED STORM	%	\$
	ALL OTHER WINDSTORM OR HAIL THAT IS NOT A NAMED STORM	%	\$
	EARTHQUAKE	%	\$
	EARTHQUAKE SPRINKLER LEAKAGE	%	\$
	EARTH MOVEMENT	%	\$
	FLOOD	%	\$
		%	\$

**ITEM 5. CONTRIBUTING INSURANCE**

IF THE CONTRIBUTING INSURANCE ENDORSEMENT IS PART OF THIS COVERAGE PART, COVERAGES, LIMITS OF INSURANCE AND SUB-LIMITS OF INSURANCE ARE CONTRIBUTING AS FOLLOWS:

A.	OUR PERCENTAGE	%
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**ITEM 6. FORMS AND ENDORSEMENTS**

ALL FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE - **SEE SCHEDULE OF FORMS AND ENDORSEMENTS**

INFORMATION REQUIRED TO COMPLETE THE COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS, IF NOT SHOWN ABOVE, WILL BE SHOWN ON THE APPLICABLE SCHEDULE OR ON THE SCHEDULE ON FILE WITH COMPANY.

**EXCLUSION OF CHEMICAL AND BIOLOGICAL LOSS OR DAMAGE**

This endorsement modifies insurance provided under the following:

- Commercial Property Coverage Part**
- Standard Property Policy**
- Commercial Inland Marine Coverage Part**
- Contractors Equipment Coverage Part**

The following exclusion is added:

**CHEMICAL AND BIOLOGICAL LOSS OR DAMAGE**

We will not pay for loss or damage caused directly or indirectly by the dispersal or application of pathogenic or poisonous biological or chemical material.

But if the dispersal or application of pathogenic or poisonous biological or chemical material results in fire, we will pay for the loss or damage caused by that fire.

(Complete this section if endorsement is added after policy is issued.)

_____	_____	_____
Policy Number	Endorsement Number	Endorsement Effective Date
_____		_____
Signature of Authorized Representative		Producer Number

**This Endorsement Modifies Your Policy.  
Please Read It Carefully.**

## **ASBESTOS EXCLUSION**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE  
CAUSES OF LOSS - BASIC  
CAUSES OF LOSS - BROAD  
CAUSES OF LOSS - SPECIAL

**A.** The following exclusion, **Asbestos**, is added to **B. Exclusions, Paragraph 1.** of the above **CAUSES OF LOSS** forms:

**1.** We will not pay for loss or damage caused directly or indirectly by any 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.

### **Asbestos**

- a. Loss or damage caused directly or indirectly by the actual or alleged presence of "asbestos";
- b. The increased costs incurred by the actual or alleged presence of "asbestos"; or
- c. Costs or expenses incurred as a result of required actions to test, monitor, detoxify or clean up in any way any building, facility, structure, premises, location or any other real or personal property or any natural environment because of the actual or alleged presence of "asbestos".

**B.** The following **definition** is added to Paragraph **H. Definitions** of the **BUILDING AND PERSONAL PROPERTY COVERAGE** form:

"Asbestos" means the mineral asbestos, but also includes asbestos fibers, asbestos materials, and asbestos products, or any goods or products containing asbestos or asbestos fibers, materials, or products.

## BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

### A. Coverage

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

#### 1. Covered Property

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

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

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

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

**b. Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property - Separation Of Coverage form:

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

**c. Personal Property Of Others** that is:

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

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

**2. Property Not Covered**

Covered Property does not include:

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

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

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

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

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

This paragraph does not apply to:

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

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

**3. Covered Causes Of Loss**

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

**4. Additional Coverages**

**a. Debris Removal**

- (1)** Subject to Paragraphs **(3)** and **(4)**, we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2)** Debris Removal does not apply to costs to:
  - (a)** Extract "pollutants" from land or water; or
  - (b)** Remove, restore or replace polluted land or water.
- (3)** Subject to the exceptions in Paragraph **(4)**, the following provisions apply:
  - (a)** The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b)** Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4)** We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

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

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

**(5) Examples**

The following examples assume that there is no Coinsurance penalty.

**EXAMPLE #1**

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

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

**EXAMPLE #2**

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

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

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

#### **b. Preservation Of Property**

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

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

#### **c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage.

#### **d. Pollutant Clean-up And Removal**

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

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

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

#### **e. Increased Cost Of Construction**

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

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

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

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

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

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

The amount payable under this Additional Coverage is additional insurance.

**(7)** With respect to this Additional Coverage:

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

- (ii)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b)** If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.

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

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

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

#### **f. Electronic Data**

**(1)** Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.

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

**(3)** The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

**(a)** If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.

**(b)** If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.

**(c)** If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

**(d)** The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

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

## 5. Coverage Extensions

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

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

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

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

**(a)** Your new buildings while being built on the described premises; and

**(b)** Buildings you acquire at locations, other than the described premises, intended for:

**(i)** Similar use as the building described in the Declarations; or

**(ii)** Use as a warehouse.

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

#### (2) Your Business Personal Property

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

**(i)** Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

**(ii)** Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

**(iii)** Business personal property that you newly acquire, located at the described premises.

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

- (b) This Extension does not apply to:
  - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
  - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**(3) Period Of Coverage**

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

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

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

**b. Personal Effects And Property Of Others**

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

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

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

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

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

**d. Property Off-premises**

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

- (2) This Extension does not apply to property:
  - (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

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

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

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

**f. Non-owned Detached Trailers**

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

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

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

**B. Exclusions And Limitations**

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

**C. Limits Of Insurance**

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

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

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

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

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

#### D. Deductible

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

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

#### EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

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

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

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

\$ 60,100
<u>      250</u>
\$ 59,850 Loss Payable - Building #1

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

Total amount of loss payable:

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

#### EXAMPLE #2

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

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

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

#### E. Loss Conditions

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

##### 1. Abandonment

There can be no abandonment of any property to us.

##### 2. Appraisal

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

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

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

### 3. Duties In The Event Of Loss Or Damage

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

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

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

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

### 4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

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

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

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

## 5. Recovered Property

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

## 6. Vacancy

### a. Description Of Terms

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

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

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

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

### b. Vacancy Provisions

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

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

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

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

## 7. Valuation

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

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

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

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

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

#### F. Additional Conditions

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

#### 1. Coinsurance

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

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

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

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

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

#### EXAMPLE #1 (UNDERINSURANCE)

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

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

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

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

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

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

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

## EXAMPLE #2 (ADEQUATE INSURANCE)

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

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

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

## EXAMPLE #3

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

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

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

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

**3. Replacement Cost**

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

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

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

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

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

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

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

#### **4. Extension Of Replacement Cost To Personal Property Of Others**

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

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

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

#### **H. Definitions**

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

## BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

### A. Coverage

#### 1. Business Income

Business Income means the:

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

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

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

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

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

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

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

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

- (a) The portion of the building which you rent, lease or occupy; and
- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

#### 2. Extra Expense

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

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

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

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

### **3. Covered Causes Of Loss, Exclusions And Limitations**

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

### **4. Additional Limitation - Interruption Of Computer Operations**

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

### **5. Additional Coverages**

#### **a. Civil Authority**

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

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

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

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

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

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

#### **b. Alterations And New Buildings**

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

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

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

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

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

**c. Extended Business Income**

**(1) Business Income Other Than "Rental Value"**

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

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

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

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

**(2) "Rental Value"**

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

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

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

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

**d. Interruption Of Computer Operations**

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

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

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

**(4)** The most we will pay under this Additional Coverage - Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

**(5)** This Additional Coverage - Interruption in Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in **(4)** above has not been exhausted.

#### **6. Coverage Extension**

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

##### **NEWLY ACQUIRED LOCATIONS**

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

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

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

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

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

## B. Limits Of Insurance

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

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

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

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

## C. Loss Conditions

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

### 1. Appraisal

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

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

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

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

## 2. Duties In The Event Of Loss

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

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

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

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

### 3. Loss Determination

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

### c. Resumption Of Operations

We will reduce the amount of your:

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

### 4. Loss Payment

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

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

### D. Additional Condition

#### COINSURANCE

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

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

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

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

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

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

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

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

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

#### EXAMPLE #1 (UNDERINSURANCE)

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

	\$ 400,000
The Coinsurance percentage is:	50%
The Limit of Insurance is:	\$ 150,000
The amount of loss is:	\$ 80,000

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

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

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

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

#### EXAMPLE #2 (ADEQUATE INSURANCE)

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

	\$ 400,000
The Coinsurance percentage is:	50%
The Limit of Insurance is:	\$ 200,000
The amount of loss is:	\$ 80,000

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

This condition does not apply to Extra Expense Coverage.

#### E. Optional Coverages

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

##### 1. Maximum Period Of Indemnity

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

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
  - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
  - (2) The Limit of Insurance shown in the Declarations.

**2. Monthly Limit Of Indemnity**

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

**EXAMPLE**

When:	The Limit of Insurance is:	\$	120,000
	The fraction shown in the Declarations for this Optional Coverage is:		1/4
	The most we will pay for loss in each period of 30 consecutive days is:	\$	30,000
	(\$120,000 x 1/4 = \$30,000)		
	If, in this example, the actual amount of loss is:		
	Days 1-30:	\$	40,000
	Days 31-60:	\$	20,000
	Days 61-90:	\$	<u>30,000</u>
		\$	90,000
	We will pay:		
	Days 1-30:	\$	30,000
	Days 31-60:	\$	20,000
	Days 61-90:	\$	<u>30,000</u>
		\$	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 (1):  $\$100,000 / \$200,000 = .50$

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

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

### 4. Extended Period Of Indemnity

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

## F. Definitions

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

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

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

2. "Operations" means:
  - a. Your business activities occurring at the described premises; and
  - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
  - a. Begins:
    - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
    - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;  
caused by or resulting from any Covered Cause of Loss at the described premises; and
  - b. Ends on the earlier of:
    - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (2) The date when business is resumed at a new permanent location.

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

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

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

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

## COMMERCIAL PROPERTY CONDITIONS

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

### A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

### B. CONTROL OF PROPERTY

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

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

### C. INSURANCE UNDER TWO OR MORE COVERAGES

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

### D. LEGAL ACTION AGAINST US

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

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

### E. LIBERALIZATION

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

### F. NO BENEFIT TO BAILEE

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

### G. OTHER INSURANCE

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

### H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

### I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
  2. Additional Coverage - Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

**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  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 STANDARD PROPERTY POLICY

### SCHEDULE

Building Number/ Premises Number	Coverage A	Coverage B Limit Of Insurance	Coverage C Limit Of Insurance	Coverage B And C Combined Limit Of Insurance
All /All	<input checked="" type="checkbox"/>	\$	\$	\$ 250,000 *
/	<input type="checkbox"/>	\$	\$	\$ *
/	<input type="checkbox"/>	\$	\$	\$ *

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

\*Do **not** enter a Blanket 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 applies 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 as a result of such damage, you are required to comply 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 repairs 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:

- And 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.

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

**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.

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

**PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

**SCHEDULE**

Premises Number	Building Number	Protective Safeguards Symbols Applicable
All	All	P-5
All	All	P-9
<p><b>Describe Any "P-9":</b> Plenum and Exhaust ducts over cooking units are under a service contract with a steam cleaning company that will stem clean the exhaust systems at least every six months.</p>		
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>		

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

**Protective Safeguards**

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

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

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
  - (1) Sprinklers and discharge nozzles;
  - (2) Ducts, pipes, valves and fittings;
  - (3) Tanks, their component parts and supports; and
  - (4) Pumps and private fire protection mains.
- b. When supplied from an automatic fire protective system:
  - (1) Non-automatic fire protective systems; and

(2) Hydrants, standpipes and outlets.

**"P-2" Automatic Fire Alarm**, protecting the entire building, that is:

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

**"P-3" Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

**"P-4" Service Contract** with a privately owned fire department providing fire protection service to the described premises.

**"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System** installed on cooking appliances and having the following components:

- a. Hood;
- b. Grease removal device;
- c. Duct system; and
- d. Wet chemical fire extinguishing equipment.

**"P-9"**, the protective system described in the Schedule.

**B.** The following is added to the **Exclusions** section of:

Causes Of Loss - Basic Form

Causes Of Loss - Broad Form

Causes Of Loss - Special Form

Mortgageholders Errors And Omissions Coverage Form

Standard Property Policy

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

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or

2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

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

## CAUSES OF LOSS - SPECIAL FORM

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

### A. Covered Causes Of Loss

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

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

that follow.

### B. Exclusions

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

#### a. Ordinance Or Law

The enforcement of any ordinance or law:

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

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

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

#### b. Earth Movement

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

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

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

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

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

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

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

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

#### c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

**d. Nuclear Hazard**

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

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

**e. Utility Services**

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

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

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

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

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

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

**f. War And Military Action**

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

**g. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

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

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

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

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

This exclusion does not apply:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**c.** Faulty, inadequate or defective:

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

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

#### **4. Special Exclusions**

The following provisions apply only to the specified Coverage Forms.

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

We will not pay for:

**(1)** Any loss caused by or resulting from:

- (a)** Damage or destruction of "finished stock"; or
- (b)** The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

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

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

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

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

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

(5) Any other consequential loss.

#### **b. Leasehold Interest Coverage Form**

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

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

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

#### **c. Legal Liability Coverage Form**

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

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

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

#### **(a) Contractual Liability**

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

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

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

#### **(b) Nuclear Hazard**

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

### **5. Additional Exclusion**

The following provisions apply only to the specified property.

#### **LOSS OR DAMAGE TO PRODUCTS**

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

### C. Limitations

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

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

- (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

- (2) Business Income Coverage or Extra Expense Coverage.

- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

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

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

- a. Animals, and then only if they are killed or their destruction is made necessary.

- b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

- (1) Glass; or

- (2) Containers of property held for sale.

- c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

- (2) To Business Income Coverage or to Extra Expense Coverage.

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

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

- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

- c. \$2,500 for patterns, dies, molds and forms.

- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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

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

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

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

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

#### D. Additional Coverage - Collapse

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

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

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

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

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

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

4. With respect to the following property:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## F. Additional Coverage Extensions

### 1. Property In Transit

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

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

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

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

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

### 3. Glass

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

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

## G. Definitions

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

**b.** Falling objects does not include loss or damage to:

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

**c.** Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

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

## **EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
    - a.** Any of the following, whether belonging to any insured or to others:
      - (1)** Computer hardware, including micro-processors;
      - (2)** Computer application software;
      - (3)** Computer operating systems and related software;
      - (4)** Computer networks;
      - (5)** Microprocessors (computer chips) not part of any computer system; or
      - (6)** Any other computerized or electronic equipment or components; or
    - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
  - 2.** Under the Commercial Property Coverage Part:
    - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or
    - b.** In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

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

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

- BOILER AND MACHINERY COVERAGE PART
- COMMERCIAL INLAND MARINE COVERAGE PART
- COMMERCIAL PROPERTY COVERAGE PART
- CRIME AND FIDELITY COVERAGE PART
- EQUIPMENT BREAKDOWN COVERAGE PART
- FARM COVERAGE PART
- STANDARD PROPERTY POLICY

**SCHEDULE**

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
CA, GA, HI, IA, ME, MA, MO, NJ, NY, NC, OR, RI, WA,	
WV and WI.	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A.** The following definition is added with respect to the provisions of this endorsement:

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

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

**B.** The following exclusion is added:

**CERTIFIED ACT OF TERRORISM EXCLUSION**

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

**C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

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

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

#### **D. Application Of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

# 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.





**(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.

**This Endorsement Modifies Your Policy.  
Please Read It Carefully.**

## **LIMITS OF INSURANCE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT - OWNERS COVERAGE FORM

- 1.** The first paragraph of **C. Limits of Insurance** is deleted and replaced by the following:  
The most we will pay for loss or damage in any one "occurrence" is the least of the following, regardless of the number of premises or coverages involved:
  - a.** The actual adjusted amount of loss less applicable deductible(s);
  - b.** The total stated value for the property involved (as shown on the latest Statement of Values on file with the Company) less applicable deductible(s); or
  - c.** The applicable Limit of Insurance.
- 2.** The following is added to **H. Definitions**:

"Occurrence" means any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, earth movement, 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 contingent upon being covered perils under the policy. When filing proof of loss, the Insured 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 to the covered property occurs.

**This Endorsement Modifies Your Policy.  
Please Read It Carefully.**

## **ACTUAL CASH VALUE DEFINITION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**DIFFERENCE IN CONDITIONS COVERAGE FORM  
STANDARD PROPERTY POLICY**

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

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

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

**This Endorsement Modifies Your Policy.  
Please Read It Carefully.**

## **PRIOR LOSS**

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM**

r. is added under **A. Coverage, 2. Property Not Covered**, of BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10 as follows:

- r. Property which was damaged prior to the inception date of this policy and which has not been completely repaired or replaced.

**This Endorsement Modifies Your Policy.  
Please Read It Carefully.**

**PROPERTY PLUS - DIRECT DAMAGE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART**

Subject to section **A.** of this endorsement, insurance at the described premises applies only when a Blanket Limit of Insurance or Blanket Sub-Limit of Insurance has a dollar amount shown below and to coverages for which an X is shown below and either a dollar amount or Included is shown for the Sub-Limit Of Insurance. All Coverages apply, subject to section **A.**, if an X is shown for All Coverages Apply and either a dollar amount or Included is shown for the Sub-Limit Of Insurance for each Coverage or an X is shown for All Sub-Limits Of Insurance Are Included. The applicability of Coverages in the Schedule below is subject to Section **A.** of this endorsement even when an X is shown for a Coverage or for All Coverages Apply and/or a dollar amount or Included is shown for the Sub-Limit Of Insurance or All Sub-Limits Of Insurance Are Included is selected.

**SCHEDULE**

			Blanket Limit of Insurance	Blanket Sub-Limit Of Insurance	Per Occurrence, Annual Aggregate
			\$	\$ 50,000	PER OCCURRENCE
<b>"X" in this column means the coverage applies.</b>	<b>Coverage</b>	<input type="checkbox"/> All Coverages Apply	<b>Sub-Limit Of Insurance</b>		<b>Per Occurrence, Annual Aggregate</b>
			<input type="checkbox"/> All Sub-Limits Of Insurance Are Included		
	<b>1.</b>	Appurtenant Structures	\$		PER OCCURRENCE
	<b>2.</b>	Bridges, Roadways, Walks, Patios Or Other Paved Surfaces	\$		PER OCCURRENCE
	<b>3.</b>	Foundations Of Buildings, Structures, Machinery Or Boilers	\$		PER OCCURRENCE
	<b>4.</b>	Underground Pipes, Flues, Drains	\$		PER OCCURRENCE
	<b>5.</b>	Debris Removal Expense - Additional Limit	\$		PER OCCURRENCE
	<b>6.</b>	Fire Department Service Charge	\$		PER OCCURRENCE
	<b>7.</b>	Pollutant Clean-Up And Removal	\$		ANNUAL AGGREGATE
	<b>8.</b>	Electronic Data	\$		ANNUAL AGGREGATE
	<b>9.</b>	Personal Effects And Property Of Others	\$		PER OCCURRENCE
	<b>10.</b>	Valuable Papers And Records (Other Than Electronic Data)	\$		PER OCCURRENCE
	<b>11.</b>	Property Off Premises	\$		PER OCCURRENCE
	<b>12.</b>	Outdoor Property	\$		PER OCCURRENCE
	<b>13.</b>	Non-Owned Detached Trailers	\$		PER OCCURRENCE
	<b>14.</b>	Business Personal Property Temporarily In Storage Units	\$		PER OCCURRENCE
	<b>15.</b>	Accounts Receivable	\$		PER OCCURRENCE
	<b>16.</b>	Automatic Fire Suppression System Recharge Expense	\$		PER OCCURRENCE
	<b>17.</b>	Consequential Loss	\$		PER OCCURRENCE
	<b>18.</b>	Contract Penalty	\$		PER OCCURRENCE
	<b>19.</b>	Electronic Data Processing Equipment And Media	\$		PER OCCURRENCE
	<b>20.</b>	Employee Or Volunteer Dishonesty	\$		PER OCCURRENCE
	<b>21.</b>	Fine Arts	\$		PER OCCURRENCE
	<b>22.</b>	Fire Extinguisher Recharge	\$		PER OCCURRENCE
	<b>23.</b>	Forgery And Alteration	\$		PER OCCURRENCE
	<b>24.</b>	Lock And Key Replacement And Repair	\$		PER OCCURRENCE
	<b>25.</b>	Money And Securities	\$		PER OCCURRENCE
	<b>26.</b>	Reward	\$		PER OCCURRENCE
	<b>27.</b>	Theft, Disappearance And Destruction	\$		PER OCCURRENCE
	<b>28.</b>	Tools	\$		PER OCCURRENCE
	<b>29.</b>	Outdoor Signs	\$		PER OCCURRENCE

	<b>30.</b>	Furs, Fur Garments, Garments Trimmed With Fur	\$	PER OCCURRENCE
	<b>31.</b>	Jewelry, Watches	\$	PER OCCURRENCE
	<b>32.</b>	Property In Transit	\$	PER OCCURRENCE

References to SCHEDULE in this endorsement means the above SCHEDULE of Coverages and Limits.  
 INFORMATION REQUIRED TO COMPLETE THIS SCHEDULE, IF NOT SHOWN ABOVE, WILL BE SHOWN IN THE DECLARATIONS.

**A.** Coverages **1., 2., 3., 4., 5., 6.** or **7.** of this Endorsement may apply at the described premises only if a Limit of Insurance is shown in the Declarations for Building. Coverages **6., 7., 8., 9., 10., 11., 12., 13., 14., 15., 16., 17., 18., 19., 21., 22., 26., 28., 29., 30., 31.** or **32.** of this Endorsement may apply at the described premises only if a Limit of Insurance is shown in the Declarations for Business Personal Property. Coverages **20., 23., 24., 25.** and **27.** of this endorsement may apply at the described premises only if "theft" is a Covered Cause of Loss and a Limit of Insurance is shown in the Declarations for Business Personal Property.

**B.** Unless specifically and expressly provided for herein, the coverage granted by this endorsement does not provide nor will it invoke coverage for loss of use, loss of business income, loss of rental income, extra expense, or consequential loss of any kind or nature. Coverage for any loss of use, loss of business income, loss of rental income or extra expense, if specifically provided under the policy, will be solely governed by the conditions of the relevant business income, rental income, or extra expense form(s).

**C. Limits of Insurance**

**1. Blanket Limit Of Insurance or Blanket Sub-Limit Of Insurance**

A combined Blanket Limit Of Insurance or Blanket Sub-Limit Of Insurance applies in each occurrence to all coverages for which an entry is shown in the SCHEDULE applicable to this endorsement. You may elect to apportion the Blanket Limit Of Insurance or Blanket Sub-Limit Of Insurance to a single applicable coverage or between any combination of applicable coverages for covered loss in each occurrence, subject to any applicable specific coverage limits. However, regardless of how the Blanket Limit Of Insurance or Blanket Sub-Limit Of Insurance is apportioned or the number of locations involved, the most we will pay in any single occurrence is the Blanket Limit Of Insurance or Blanket Sub-Limit Of Insurance in the SCHEDULE applicable to this endorsement.

**2. Specific Coverage Sub-Limits of Insurance**

- a.** The Sub-Limit Of Insurance indicated for a particular coverage does not increase the Blanket Limit Of Insurance or Blanket Sub-Limit Of Insurance.
- b.** If Included is shown for a coverage in the SCHEDULE, the coverage is included in the Blanket Limit Of Insurance or Blanket Sub-Limit Of Insurance.

**3.** The Blanket Limit Of Insurance stated in the SCHEDULE of this endorsement, if applicable, applies in addition to any other Limits of Insurance provided under the COMMERCIAL PROPERTY COVERAGE PART unless stated otherwise by this endorsement.

**4.** The Blanket Sub-Limit Of Insurance stated in the SCHEDULE of this endorsement, if applicable, is a part of and does not apply in addition to any other Limits of Insurance provided under the Commercial Property Coverage Part unless stated otherwise by this endorsement.

**D. THE BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10 IS AMENDED AS FOLLOWS:**

**1. Appurtenant Structures**

Under **A. Coverage, 1. Covered Property, a. Building, (5) (c)** is added as follows:

**(c)** Appurtenant structures on the same parcel of property as the covered principal building, the use of which is incidental to the use of the covered building, including detached garages, storage sheds, gazebos, picnic pavilions, swimming pools, pool houses, boathouses, small pole barns, storage sheds, and similar buildings or structures. The most we will pay for loss or damage per occurrence is the Limit of Insurance shown in the SCHEDULE for Appurtenant Structures.

**2. Bridges, Roadways, Walks, Patios or other Paved Surfaces**

**Property Not Covered, A. 2. d.** is amended to read as follows:

**d.** Bridges, roadways, walks, patios or other paved surfaces, unless on the same parcel of property as the covered building, and then only up to the Limit of Insurance shown in the SCHEDULE for Bridges, Roadways, Walks, Patios or other Paved Surfaces.

**3. Foundations of Buildings, Structures, Machinery or Boilers**

**Property Not Covered, A. 2. g.** is amended to read as follows:

**g.** Foundations of buildings, structures, machinery or boilers unless part of the covered building and then only up to the Limit of Insurance shown in the SCHEDULE for Foundations of Buildings, Structures, Machinery or Boilers.

**4. Underground Pipes, Flues or Drains**

**Property Not Covered, A. 2. m.** is amended to read as follows:

**m.** Underground pipes, flues or drains unless part of the covered building and then only up to the Limit of Insurance shown in the SCHEDULE for Underground Pipes, Flues or Drains.

**5. Debris Removal Expense - Additional Limit**

Under **Additional Coverage A. 4. a., (4)** is amended to read as follows:

**(4)** We will pay up to the Limit of Insurance shown in the SCHEDULE of this endorsement for Debris Removal Expense - Additional Limit if any one or both of the following circumstances apply:

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

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

**6. Fire Department Service Charge**

**Additional Coverage A. 4. c.** is amended to read as follows:

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the Limit of Insurance shown in the SCHEDULE for Fire Department Service Charge for service at premises described in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

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

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

**7. Pollution Clean-Up And Removal**

**Additional Coverage A. 4. d.** is amended to read as follows:

**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 for under this Additional Coverage is the Limit of Insurance for Pollutant Removal shown in the SCHEDULE of this endorsement for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

#### **8. Electronic Data**

Under Additional Coverage **A. 4. f.**, **(4)** is amended to read as follows:

**(4)** The most we will pay under this Additional Coverage, Electronic Data, is the Limit of Insurance shown in the SCHEDULE for Electronic Data, for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. 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.

#### **9. Personal Effects And Property Of Others**

Coverage Extension **A. 5. b.** is amended to read as follows:

##### **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 Coverage Extension is the Limit of Insurance shown in the SCHEDULE for Personal Effects and Property of Others. Our payment for loss of or damage to personal property of others will be for the account of the owner of the property.

#### **10. Valuable Papers And Records (Other Than Electronic Data)**

Under Coverage Extension **A. 5. c.**, **(4)** is amended to read as follows:

**(4)** Under this Coverage Extension, the most we will pay to replace or restore the lost information at the described premises is the Limit of Insurance shown in the SCHEDULE for Valuable Papers And Records (Other Than Electronic Data).

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.

#### **11. Property Off Premises**

Under Coverage Extension **A. 5. d.**, **(3)** is amended to read as follows:

**(3)** The most we will pay for loss or damage under this Coverage Extension is the Limit of Insurance shown in the SCHEDULE for Property Off Premises.

## 12. Outdoor Property

Coverage Extension A. 5. e. is amended to read as follows:

### e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor property, including outdoor fences, canopies, lamps, lights, light poles, mailboxes, playground equipment, pumps, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the Covered Causes of Loss.

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

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

## 13. Non-owned Detached Trailers

Under Coverage Extension A. 5. f., (3) is amended to read as follows:

- (3) The most we will pay for loss or damage under this Extension is Limit of Insurance shown in the SCHEDULE for Non-owned Detached Trailers.

## 14. Business Personal Property Temporarily In Portable Storage Units

Coverage Extension A. 5. g. is added to read as follows:

### g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.
- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
  - (a) Will end 90 days after the business personal property has been placed in the storage unit;
  - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.

**(4)** Under this Extension, the most we will pay for the total of all loss or damage to business personal property is the Limit of Insurance shown in the SCHEDULE for Business Personal Property Temporarily in Portable Storage Units, regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.

**(5)** This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

#### **15. Accounts Receivable**

Coverage Extension **A. 5. h.** is added as follows:

##### **h. Accounts Receivable**

**(1)** We will pay:

- (a)** All amounts due from your customers that you are unable to collect;
- (b)** Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c)** Collection expenses in excess of your normal collection expenses that are made necessary by loss of damage; and

**(d)** Other reasonable expenses that you incur to re-establish your records of accounts receivable that result from direct physical loss or damage by any Covered Causes of Loss to your records of accounts receivable.

#### **(2) Exclusions**

**(a) B. Exclusions and Limitations** does not apply to this Accounts Receivable Coverage, except for CAUSES OF LOSS FORM CP 10 30 exclusions:

**(i) B. 1. b., Earth Movement;**

**(ii) B. 1. c., Government Action;**

**(iii) B. 1. d., Nuclear Hazard;**

**(iv) B. 1. f., War and Military Action; and**

**(v) B. 1. g. Water.**

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

**(i)** Dishonest acts by you, anyone else with an interest in the property, or your or their employees or authorized representatives, or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment;

- (ii) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities, or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;
  - (iii) Bookkeeping, accounting or billing errors or omission.
  - (iv) Electrical or magnetic injury, disturbance or erasure of electronic recordings but we will pay for direct loss or damage caused by lightning;
  - (v) 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; and
  - (vi) Unauthorized instructions to transfer property to any person or to any place.
- (c) We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.
- (d) We will not pay for loss or damage caused by or resulting from any of the following, but if a Covered Cause of Loss results, we will pay for that resulting loss or damage:
- (i) Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **B. 1. b. (1)** to produce loss or damage;
  - (ii) Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body;
  - (iii) Faulty, inadequate or defective:
    1. Planning, zoning, development, surveying, siting;
    2. Design, specifications, workmanship, repair, construction, renovation or 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.

**(3) Coverage Extension - Preservation of Records.**

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of loss or damage, we will pay for loss or damage while they are:

- (a)** At a safe place away from the described premises; and
- (b)** Being taken to and returned from that place.

This Coverage Extension is included within the Limit of Insurance.

**(4) Limit Of Insurance**

The most we will pay for loss or damage in any one occurrence is the Limit of Insurance shown in the SCHEDULE for Accounts Receivable. For Accounts Receivable not at any premises described in this policy, the most we will pay is \$10,000.

**(5) Insurance Under Two or More Coverages**

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

**16. Automatic Fire Suppression System Recharge Expense**

Coverage Extension A. 5. i. is added as follows:

**i. Automatic Fire Suppression System Recharge Expense**

- (1)** You may extend the insurance provided by this Coverage Form to apply to the automatic fire suppression system recharge expense you incur due to the leakage or discharge of the fire suppression system at the premises listed in the Declarations.

- (2)** Insurance under this Coverage Extension applies only if the leakage or discharge is caused by or results from a Covered Cause of Loss.

- (3)** The most we will pay for loss or damage under this Extension is the Automatic Fire Suppression System Recharge Expense Limit of Insurance shown in the SCHEDULE of this endorsement. No Deductible applies to this Coverage Extension.

**17. Consequential Loss**

Coverage Extension A. 5. j. is added as follows:

**j. Consequential Loss**

We will pay for the consequential loss of undamaged business personal property, but not "stock". Consequential loss means the loss of value of an undamaged part or parts of a product, which becomes unmarketable. It must be unmarketable due to a physical loss to another part or parts of the product caused by a covered peril.

The most we will pay for loss or damage under this Coverage Extension is the Consequential Loss Limit of Insurance shown in the SCHEDULE of this endorsement.

**18. Contract Penalty**

Coverage Extension A. 5. k. is added as follows:

**k. Contract Penalty**

We will pay the contractual penalties you are required to pay to your customers as a result of any clause in your written contracts with such customers imposing such penalties for failure to timely deliver your product according to the contract terms. The failure to timely deliver must result solely from direct physical loss or damage by a Covered Cause of Loss to Covered Property.

The most we will pay under this Coverage Extension is the Contract Penalty Limit of Insurance shown in the SCHEDULE of this endorsement.

**19. Electronic Data Processing Equipment and Media**

Coverage Extension **A. 5. I.** is added as follows:

**I. Electronic Data Processing Equipment and Media**

- (1) You may extend the insurance provided by this Coverage Form to your "electronic data processing equipment" and "electronic data processing media" which you own, lease or rent from others or for which you are legally responsible.
- (2) We will pay for loss or damage resulting from or caused by:
  - (a) Mechanical breakdown, or machinery malfunction;
  - (b) Short circuit, blowout or other electrical damage or disturbance; and
  - (c) Faulty construction, error in design, or actual work upon property covered. (This coverage does not apply to data processing media.)
- (3) We will not pay for loss or damage resulting from:
  - (a) Loss to property loaned, leased or rented to others while away from the premises listed in the Declarations;
  - (b) Data or media which cannot be replaced with others of the same kind and quality;
  - (c) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents. But we will cover such property when it is converted to data form and then only in that form; and

(d) Error or omission in machine programming or incorrect instruction to a machine.

(4) The CAUSES OF LOSS - SPECIAL FORM, Section **B.**, EXCLUSIONS, applies to this coverage with the exception of exclusions **B. 2. a.** and **B. 2. d. (6).**

(5) The most we will pay for loss in any one occurrence is the Limit of Insurance shown in the SCHEDULE for Electronic Data Processing Equipment and Media, but if the "electronic data processing equipment" or "electronic data processing media" is lost or damaged while in transit, off premises, or on a vehicle the most we pay is \$10,000.

**20. Employee or Volunteer Dishonesty**

Coverage Extension **A. 5. m.** is added as follows:

**m. Employee or Volunteer Dishonesty**

- (1) You may extend the insurance provided by this Coverage Form to apply to loss of "money", "securities" and other property which you sustain as a result of one or more fraudulent or dishonest acts committed by an "employee" or "volunteer", whether identified or not, and whether acting alone or in collusion with other persons.
- (2) This Extension provides Employee or Volunteer Dishonesty coverage and we will not pay for loss resulting from:
  - (a) Dishonest or criminal acts committed by you or any of your partners, whether acting alone or in collusion with other persons.

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

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

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) The most we will pay for loss or damage under this Extension is the Employee or Volunteer Dishonesty Limit of Insurance shown in the SCHEDULE of this endorsement.

## 21. Fine Arts

Coverage Extension A. 5. n. is added as follows:

### n. Fine Arts

You may extend the insurance provided by this Coverage Form to apply to loss or damage to your "fine arts," or "fine arts" of others on loan to you and in your care, custody and control, caused by a Covered Cause of Loss at the described premises. We will value such "fine arts" at their market value at the time of loss.

The most we will pay for loss or damage per occurrence is the Limit of Insurance shown in the SCHEDULE for "Fine Arts".

## 22. Fire Extinguisher Recharge

Coverage Extension A. 5. o. is added as follows:

### o. Fire Extinguisher Recharge

You may extend the insurance provided by this Coverage Form to cover the expenses incurred to recharge a portable fire extinguisher when it has been used to combat a covered fire.

The most we will pay under this Extension is the Fire Extinguisher Recharge Limit of Insurance shown in the SCHEDULE of this endorsement.

## 23. Forgery and Alteration

Coverage Extension A. 5. p. is added as follows:

### p. Forgery and Alteration

(1) We will pay for loss or damage resulting directly from "forgery" or alteration of checks, drafts, promissory notes or similar written promises, orders or direction to pay a sum certain in "money" that are:

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph (1) above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

- (3) The most we will pay for loss or damage under this Extension, including legal expenses is the Forgery and Alteration Limit of Insurance shown in the SCHEDULE of this endorsement.

#### 24. Lock and Key Replacement and Repair

Coverage Extension A. 5. q. is added as follows:

##### q. Lock and Key Replacement and Repair

You may extend the insurance provided by this Coverage Form to apply to the cost to repair or replace locks and/or keys at the described premises due to "theft" of keys.

The most we will pay under this Coverage Extension is the Lock Replacement and Repair Limit of Insurance shown in the SCHEDULE of this endorsement.

#### 25. Money and Securities

Coverage Extension A. 5. r. is added as follows:

##### r. Money and Securities

- (1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, at the premises listed in the Declarations, or in transit between any of these places, resulting directly from:

- (a) "Theft";
- (b) Disappearance; or
- (c) Destruction.

- (2) We will not pay for loss resulting from:

- (a) Accounting or arithmetical errors or omissions;
- (b) Any dishonest or criminal act committed by your "employees", "volunteers", directors, trustees or authorized representatives;

- (c) Giving or surrender of property in any exchange or purchase; or

- (d) Property contained in any "money" operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

- (3) Any loss covered by one or more persons or involving a single act or series of related acts is considered one loss. You must keep records of all "money" and "securities" so we can verify the amount of any loss.

- (4) The most we will pay for loss under this Extension is the Money and Securities Limit of Insurance shown in the SCHEDULE of this endorsement.

#### 26. Reward

Coverage Extension A. 5. s. is added as follows:

##### s. Reward

We will reimburse you for reward expense you incur leading to:

- (1) The successful return of undamaged stolen articles to a law enforcement agency; or
- (2) The arrest and conviction of any person who has damage or stolen any of your covered property.

We will pay up to a maximum of \$10,000 for the reward payments you make, unless a higher Reward Limit of Insurance is shown in the SCHEDULE of this endorsement.

The reward payments must be documented.

A Deductible does not apply to this coverage.

## 27. Theft, Disappearance and Destruction

Coverage Extension A. 5. t. is added as follows:

### t. Theft, Disappearance and Destruction

- (1) You may extend the insurance provided by this Coverage Form to apply to the disappearance, destruction or "theft" of "money" and "securities" while inside the described premises, inside a banking premises or outside your described premises while in the care and custody of a messenger.
- (2) We will not pay for:
  - (a) Loss resulting from accounting or arithmetical errors or omissions;
  - (b) Loss resulting from the giving or surrendering of "money" or "securities" in any exchange or purchase;
  - (c) Loss of "money" and "securities" after they have been transferred or surrendered to a person or place outside your premises or a banking premises; or
  - (d) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- (3) "Money" and "securities" will be valued as follows:
  - (a) "Money" at its face value;
  - (b) "Securities" at their actual cash value at the close of business the day the loss was discovered.

- (4) The most we will pay for loss or damage under this Extension is the Limit of Insurance shown in the SCHEDULE of this Endorsement for Theft, Disappearance, and Destruction.

## 28. Tools

Coverage Extension A. 5. u. is added as follows:

### u. Tools

You may extend the insurance provided by this Coverage Form to apply to loss or damage to tools which are owned by your employees on the described premises caused by a covered cause of loss.

The most we will pay for covered loss or damage under this extension is the Limit of Insurance shown in the SCHEDULE of this endorsement for Tools, subject to a maximum of \$2,500 any one occurrence.

Our payment for loss on damage to tools owned by employees will only be for the account of the owners of the tools.

## 29. Outdoor Signs

**C. Limits of Insurance** is amended to read as follows, but only as respects Outdoor Signs:

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building is the Limit of Insurance shown in the SCHEDULE of this endorsement for Outdoor Signs, not to exceed a maximum of \$15,000 per occurrence.

**THE CAUSES OF LOSS - SPECIAL FORM  
CP 10 30 IS AMENDED AS FOLLOWS:**

**30. Furs, Fur Garments, Garments  
Trimmed with Fur**

The special limit shown under **C. Limitations, 3. a.** is increased from \$2,500 to the Limit of Insurance shown in the SCHEDULE for Furs, Fur Garments, Garments Trimmed With Fur, not to exceed a maximum amount of \$10,000. per occurrence.

**31. Jewelry, Watches**

The special limit shown under **C. Limitations, 3. b.** is increased from \$2,500 to the Limit of Insurance shown in the SCHEDULE for Jewelry, Watches, not to exceed a maximum amount of \$10,000. per occurrence.

**32. Property In-Transit**

Under Additional Coverage Extension **F. 1., a.** is amended to read as follows:

**a.** You may extend the insurance provided by this Coverage Part to apply to your personal property in transit more than 100 feet from the described premises. This Extension only applies to property in transit in the coverage territory.

**(1)** Property in transit includes property in the custody of:

- (a)** Any railroad (including while on ferries or in cars, transfers or lighters);
- (b)** Public truckmen, private truckmen or land transportation companies;
- (c)** You or anyone else while in or on vehicles you own, lease or hire;
- (d)** Any air transportation company;
- (e)** Any water transportation company while on inland waters of the continental United States, the Great Lakes or the St. Lawrence Seaway; or

**(f)** Any other person authorized by you to have the care and custody of your property outside your premises (including your salespeople).

**(2)** This Extension does not include:

- (a)** Shipments by mail;
- (b)** Property covered under import or export Ocean cargo policies;
- (c)** Intercoastal water shipments via the Panama Canal; or
- (d)** Coastwise water shipments to Alaska.

The following items are added under **b.** of Additional Coverage Extension **F. 1:**

- (4)** A Covered Cause of Loss.
- (5)** Collision, derailment or overturn of transporting conveyance.
- (6)** Flood or earthquake.
- (7)** Voluntary parting with your property entrusted to a common carrier.
- (8)** Any fraudulent, dishonest or criminal act done by a common carrier to whom the property is entrusted, unless instigated by you or your "employee".

Under Additional Coverage Extension **F. 1., c.** is amended to read as follows:

**c.** The most we will pay for loss or damage under this Extension is the Limit of Insurance shown in the SCHEDULE of this endorsement for Property In Transit.

**FOR PURPOSES OF THIS ENDORSEMENT, THE FOLLOWING CONDITIONS ARE ADDED, BUT APPLY ONLY TO EMPLOYEE OR VOLUNTEER DISHONESTY, FORGERY AND ALTERATIONS, AND MONEY AND SECURITIES AND THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE EXTENSIONS:**

**1. Joint Insured**

- a. If more than one insured is named in the Declarations, the first named insured will act for itself and for every other insured for all purposes of this insurance. If the first named insured ceases to be covered, then the next named insured will become the first named insured.
- b. If any insured or partner or officer of that insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every insured.
- c. An "employee" of any insured is considered to be an "employee" of every insured.
- d. If this insurance or any of its coverages is canceled or terminated as to any insured, loss or damage sustained by that insured is covered only if discovered no later than one year from the date of that cancellation or termination.
- e. We will not pay more for loss or damage sustained by more than one insured than the amount we would pay if all the loss or damage had been sustained by one insured.

**2. Ownership of Property; Interest Covered**

The property covered under this insurance is limited to property:

- a. That you own or hold; or
- b. For which you are legally liable.

**3. Records**

You must keep records of all Covered Property so we can verify the amount of any loss or damage.

**4. Recoveries**

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss or damage covered by this insurance will be distributed as follows:
  - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
  - (2) Then to us, until we are reimbursed for the settlement made; and
  - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
- b. Recoveries do not include any recovery:
  - (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
  - (2) Of original "securities" after duplicates of them have been issued.

**5. Transfer of Your Rights of Recovery Against Others to Us**

You must transfer to us all your rights of recovery against any person or organization for any loss or damage you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss or damage to impair them.

**6. Valuation - Settlement**

- a. Subject to the applicable Limit of Insurance provision we will pay for:
  - (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
    - (a) At face value in the "money" issued by the country; or
    - (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

**(2)** Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

**(a)** Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities".

**(b)** Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of those "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

**(i)** Value of the "securities" at the close of business on the day the loss was discovered; or

**(ii)** Limit of Insurance.

**b.** We may at our option pay for loss of, or loss from damage to, property other than "money":

**(1)** In the "money" of the country in which the loss occurred; or

**(2)** In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

**c.** Any property that we pay for or replace becomes our property.

**FOR PURPOSE OF THIS ENDORSEMENT, THE FOLLOWING CONDITIONS APPLY ONLY TO EMPLOYEE OR VOLUNTEER DISHONESTY, AND FORGERY AND ALTERATIONS COVERAGE EXTENSIONS.**

**1. Loss Sustained During Prior Insurance**

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

**(1)** This insurance became effective at the time of cancellation or termination of the prior insurance; and

**(2)** The loss or damage would have been covered by this insurance had it been in effect when the acts or events causing the loss or damage were committed or occurred.

**b.** The insurance under this Condition is part of, not in addition to, the Limits of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:

**(1)** This insurance as of its effective date; or

**(2)** The prior insurance had it remained in effect.

**2. Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate**

If any loss or damage is covered:

**a.** Partly by this insurance; and

**b.** Partly by any prior canceled or terminated insurance that we or any affiliate has issued to you or any predecessor in interest.

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

**3. Discovery Period for Loss**

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

**4. Policy Period**

Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss or damage that you sustain through acts committed or events occurring during the Policy Period.

**5. Non-Cumulation of Limits of Insurance**

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

**FOR PURPOSE OF THIS ENDORSEMENT, THE FOLLOWING DEFINITIONS ARE ADDED:**

- 1. "Electronic Data Processing Equipment" means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. But electronic data processing equipment does not include electronic systems that control production machinery nor the production machinery itself.
- 2. "Electronic Data Processing Media" means punchcards, tapes, discs, drums, cells or other magnetic recording or storage devices, including the information recorded on the media. It also includes the original source material used to enter data and/or programs.
- 3. "Employee" means:
  - a. Any natural person:
    - (1) While in your service (and for 30 days after termination of service);
    - (2) Who you compensate directly by salary, wages or commissions; and
    - (3) Who you have the right to direct and control while performing services for you.
  - b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the premises listed in the Declarations.

But "employee" does not mean any:

- (1) Agent, broker, factor, commission, merchant, consignee, independent contractor or representative of the same general character; or
  - (2) Director or trustee except while performing acts coming within the scope of the usual duties of any "employee".
- 4. "Fine Arts" includes property of rare, historical or artistic merit including, but not limited to, paintings, etchings, pictures, tapestries, art or rare glass, art glass windows, valuable rugs, statuary, sculptures, antique furniture, antique jewelry and bric-a-brac.
  - 5. "Forgery" means the signing of the name of another person or organization with the intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
  - 6. "Money" means:
    - a. Currency, coins and bank notes in current use and having a face value; and
    - b. Traveler checks, regular checks and money orders held for sale to the public.

This definition does not include bullion, precious metals, non-circulating currency, collectible coins, scrap metals or alloys.
  - 7. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
    - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
    - b. Evidence of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
  - 8. "Theft" means any act of stealing.
  - 9. "Volunteer" means a person who is not your "employee" and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

**DEDUCTIBLE**

With respect to each Coverage Extension shown in the SCHEDULE of this endorsement, regardless of the perils insured against, \$1,000 shall be deducted from the amount of such loss in any one occurrence. One or more of the deductible amounts applicable may be changed by specific endorsement, or by the Declarations.

In no event shall more than one deductible be applied to all losses resulting from one occurrence; but that deductible shall be equal to the highest deductible which otherwise applies.

**This Endorsement Modifies Your Policy.  
Please Read It Carefully.**

### **MINIMUM EARNED PREMIUM**

The minimum earned premium for this policy will be 35% of the Total Advance Premium shown on the Common Policy Declarations, unless we cancel the policy.

**LIMITATIONS ON COVERAGE FOR ROOF SURFACING**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

**SCHEDULE**

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

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

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

The following is added to **G. Optional Coverages**, subparagraph **b.** of **3. Replacement Cost** with respect to a building or structure identified in the Schedule:

- (5) "Roof surfacing". Instead we will determine the value of the "roof surfacing" at actual cash value as of the time of loss or damage.

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

We will not pay for "aesthetic impairment" to "roof surfacing" caused by wind and/or hail.

**C. Definitions**

1. For the purposes of Paragraph **B.**:

- a.** "Aesthetic impairment" means physical harm resulting from an otherwise covered loss. "Aesthetic impairment" is not "damage" but is physical harm that disfeatures covered property.

**b.** "Damage" means physical harm to covered property that substantially reduces its ability to function. "Damage" does not include physical harm that changes the appearance of property but does not substantially reduce the service, usefulness, or utility of such property.

2. For the purposes of Paragraphs **A.** and **B.**:

"Roof surfacing" refers to the roof mounted ventilators, air ducts, air conditioning and heating equipment, shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

## **EQUIPMENT BREAKDOWN COVERAGE**

This endorsement modifies insurance provided under the following:

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

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

### **Additional Coverage - Equipment Breakdown**

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

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident." As used in this Additional Coverage, "accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
  - a. mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - b. artificially generated electrical, magnetic or electromagnetic energy, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any electrical or electronic wire, device, appliance, system or network;
  - c. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
  - d. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
  - e. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. Unless otherwise shown in a Schedule, the following coverages also apply to the direct result of an "accident." These coverages do not provide additional amounts of insurance.
  - a. **Expediting Expenses**

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

    - (1) make temporary repairs; and
    - (2) expedite permanent repairs or permanent replacement.

The most we will pay for loss or expense under this coverage is \$25,000 unless otherwise shown in a Schedule.
  - b. **Hazardous Substances**

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property.

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

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

c. Spoilage

(1) We will pay:

- (a) for physical damage to "perishable goods" due to spoilage;
- (b) for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident," less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

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

d. Data Restoration

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

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

e. Service Interruption

(1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

(2) Unless otherwise shown in a Schedule, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident."

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

f. Business Income and Extra Expense

Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in a Schedule, then as respects Equipment Breakdown coverage, the "period of restoration" will begin immediately after the "accident," and the deductible shown in the Schedule will apply. The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in a Schedule.

3. Exclusions

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

- a. The following exclusions are modified:
- (1) If the Causes of Loss -- Basic Form or Causes of Loss -- Broad Form applies, the following is added to Exclusion B.2.:  
Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. However, if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident."
  - (2) The following is added to Exclusion B.1.g.:  
However, if electrical "covered equipment" requires drying out because of Water as described in g.(1) through g.(3) above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.
  - (3) If the Causes of Loss-Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:  
But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident," we will pay for the loss, damage or expense caused by that "accident."
- b. The following exclusions are added:
- (1) We will not pay for loss, damage or expense caused by or resulting from:
    - (a) a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment;  
or
    - (b) any of the following:
      - (i) defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind; or
      - (ii) misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.  
However, if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident."
  - (2) With respect to Service Interruption coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
  - (3) With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
  - (4) We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident": Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is "perishable goods," to the extent that spoilage is covered under Spoilage coverage.
  - (5) We will not pay for any loss or damage to animals.

#### 4. Definitions

The following definitions are added:

a. "Boilers and vessels" means:

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

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

b. "Covered equipment"

(1) "Covered equipment" means, unless otherwise specified in a Schedule, Covered Property:

- (a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
- (b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

(2) None of the following is "covered equipment":

- (a) structure, foundation, cabinet, compartment or air supported structure or building;
- (b) insulating or refractory material;
- (c) sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- (d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (e) "vehicle" or any equipment mounted on a "vehicle";
- (f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (g) dragline, excavation or construction equipment; or
- (h) equipment manufactured by you for sale.

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

d. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

e. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

f. "One accident" means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."

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

h. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

i. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

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

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

1. Deductible

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

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

a. Deductibles for Each Coverage

- (1) Unless the Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident."
- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.

b. Direct and Indirect Coverages

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

c. Application of Deductibles

(1) Dollar Deductibles

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

(2) Time Deductible

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

(3) Multiple of Average Daily Value (ADV)

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

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

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

(4) Percentage of Loss Deductibles

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

## 2. Conditions

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

### a. Suspension

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

- (1) your last known address; or
- (2) the address where the "covered equipment" is located.

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

### b. Jurisdictional Inspections

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

### c. Environmental, Safety and Efficiency Improvements

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

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

### d. Coinsurance

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

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

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