

**IN THE CIRCUIT COURT OF THE SIXTH JUDICIAL CIRCUIT  
IN AND FOR PASCO COUNTY, FLORIDA**

CASE NO.

**MAC LUCAS FL, LLC,**

Plaintiff,

v.

**OHIO SECURITY INSURANCE COMPANY,**

Defendant.

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**COMPLAINT**

Plaintiff, MAC LUCAS FL, LLC. (“MAC LUCAS”), by and through the undersigned attorney, sues Defendant, OHIO SECURITY INSURANCE COMPANY, and alleges that at all times material:

**NATURE OF ACTION**

1. This is an action for breach of an insurance contract for the Insurance Company’s failure to pay insurance policy proceeds that were due and owing to Plaintiff under the policy of insurance.
2. This is an action for negligence for failing to properly disclose insurance coverage, limitations, and exclusions to Plaintiff.

**JURISDICTION AND VENUE**

3. Plaintiff is a Florida Limited Liability Company with its principal place of business at 28347 Paseo Dr. Ste. 110, Wesley Chapel, FL 33543. Plaintiff owns and operates a Macron/Sweet Shop selling various sweets at that location.

4. OHIO SECURITY INSURANCE COMPANY (the “Insurance Company”) operated, conducted, engaged in, and/or carried on a business or business venture in the State of Florida.

5. SUZANNE BARNETT (“Insurance Company’s Agent”) is an insurance agent licensed in the State of Florida who provides goods and services, and is been engaged in a course of conduct from which revenue is derived from providing goods and services, in Pasco County, Florida.

6. MORROW INSURANCE GROUP (the “Insurance Agency”) operated, conducted, engaged in, and/or carried on a business or business venture in the State of Florida.

7. The action seeks damages in excess of Thirty Thousand Dollars (\$30,000), exclusive of interest, costs and attorney’s fees (the estimated value of Plaintiff’s claim is in excess of the minimum jurisdictional threshold required by this Court).<sup>1</sup>

8. Venue is proper in this Court because Plaintiff’s principal place of business is in Pasco County, Florida; the Policy was entered into, issued, and covers property located in Pasco County, Florida; and this cause of action arose in Pasco County, Florida

#### **GENERAL ALLEGATIONS - POLICY**

9. The Insurance Company issued Plaintiff an insurance policy (the “Policy”). A copy of the Policy materials in Plaintiff’s possession is attached as Exhibit “A.” A certified copy of the Policy is in the exclusive control of the Insurance Company, and Plaintiff expects the Insurance Company will produce the certified copy in discovery.

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<sup>1</sup> Plaintiff has entered “\$30,001” in the civil cover sheet for the “estimated amount of the claim” as required in the preamble to the civil cover sheet for jurisdictional purposes only (the Florida Supreme Court has ordered that the estimated “amount of claim” be set forth in the civil cover sheet for data collection and clerical purposes only). The actual value

10. The Policy was in full force and effect and provided coverage to Plaintiff.

11. The Policy provides coverage for Plaintiff's loss of business income and other losses and damages.

**GENERAL ALLEGATIONS - AGENCY AND VICARIOUS LIABILITY**

12. The Insurance Company furnished the Insurance Company's Agent with blank forms, applications, and other supplies to be used in soliciting, negotiating, or effecting contracts of insurance on its behalf.

13. Pursuant to Section 626.342, Fla. Stat., the Insurance Company is subject to civil liability to Plaintiff to the same extent and in the same manner as if Insurance Company's Agent had been appointed or authorized by the Insurance Company to act on its behalf.

14. Pursuant to Section 626.342, Fla. Stat., the Insurance Company is statutorily vicariously liable for all acts and omissions of the Insurance Company's Agent.

15. Further, the Insurance Company's Agent was the statutory agent of the Insurance Company. The Insurance Company appointed the Insurance Company's Agent as its agent, service representative, and/or customer representative in the State of Florida.

16. Pursuant to Section 626.451, Fla. Stat., the Insurance Company certified its willingness to be bound by the acts of the Insurance Company's Agent within the scope of the Insurance Company's Agent's employment or appointment.

17. The Insurance Company authorized the Insurance Company's Agent to sell and market the Insurance Company's insurance policies to members of the public. The authorization was within the course and scope of the Insurance Company's Agent's appointment with the Insurance Company.

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of Plaintiff's claim will be determined by a fair and just jury in accordance with Article 1,

18. Pursuant to Section 626.451, the Insurance Company is vicariously liable for the acts and omissions of the Insurance Company's Agent.

19. Additionally, the Insurance Company's Agent was the actual agent for the Insurance Company, as evidenced by:

- a. An acknowledgement by the Insurance Company that the Insurance Company's Agent would act for the Insurance Company;
- b. The Insurance Company's Agent's acceptance of the undertaking; and
- c. The Insurance Company's control over the Insurance Company's Agent's actions, including providing the Insurance Company's Agent with the means and ends to procure insurance for third persons.

20. Additionally, the Insurance Company's Agent was the actual agent for the Insurance Company, as evidenced by the Insurance Company's Agent having binding authority for the Insurance Company.

21. In the alternative to being the actual agent, the Insurance Company's Agent was the apparent agent for the Insurance Company, as evidenced by:

- a. A representation by the Insurance Company that the Insurance Company's Agent was its insurance agent and could provide insurance or otherwise act on the Insurance Company's behalf;
- b. A reliance on that representation by others, including Plaintiff; and
- c. A change in position by others, in reasonable reliance of the representation, including reasonable reliance by Plaintiff, evidenced by Plaintiff's purchase of the Insurance Company's insurance policy from the Insurance Company's Agent.

22. Pursuant to agency law, the Insurance Company is subject to civil liability to Plaintiff to the same extent and in the same manner as if the Insurance Company's Agent had been appointed or authorized by the Insurance Company to act on its behalf.

23. Pursuant to agency law, the Insurance Company is vicariously liable for all acts and omissions of the Insurance Company's Agent.

**GENERAL ALLEGATIONS - VIRUS/PANDEMIC**

24. As this Court is well aware, the SARS-CoV-2 virus (commonly called by the disease it causes, "COVID-19") is a most recent strain of coronavirus. It is publicly acknowledged that COVID-19 is highly contagious and appears to have a higher mortality rate than other more common strains of virus, and the prevalence of COVID-19 has resulted in a pandemic. The pandemic became widespread in the United States at the beginning of the calendar year 2020.

25. As a result of the spread of the SARS-CoV-2 virus and COVID-19 pandemic, state and local governments issued executive orders, decrees, and mandates which prohibited and/or limited patrons, customers, vendors, employees and others from going to business establishments, including Plaintiff's business, resulting in the suspension of operations at the insured premises.

26. As a result, Plaintiff sustained business losses ("Loss").

27. The Loss is covered under the Policy.

**COUNT I – BREACH OF THE INSURANCE POLICY**

Plaintiff adopts and re-alleges all allegations contained in the General Allegations above, as though fully set forth in this Count.

28. Plaintiff complied with all conditions precedent to entitle Plaintiff to recover under the Policy, or the Insurance Company waived compliance with such conditions.

29. The Insurance Company chose not to pay Plaintiff for the Loss.

30. The Insurance Company's choice not to pay for the Loss is a material breach of contract.

31. As a result of the Insurance Company's material breach of contract, it has become necessary for Plaintiff to retain the services of the undersigned attorney.

WHEREFORE Plaintiff, MAC LUCAS FL, LLC, demands judgment against the Insurance Company for all covered losses with interest on any overdue payments, any incidental and foreseeable consequential damages caused by the breach of contract, plus attorney's fees and costs pursuant to Sections 626.9373, 57.041, and 92.231, Fla. Stat.

/s/ Seth Kerr

Seth Kerr, Esq.  
Florida Bar No: 22658  
Morgan & Morgan, Tampa, P.A.  
201 N. Franklin Street, 7th Floor  
Tampa, FL 33602  
Tele: (813) 223-5505  
Fax: (813) 223-5402  
skerr@forthepeople.com  
aplayer@forthepeople.com  
Attorney for Plaintiffs

Policyholder Information

Named Insured & Mailing Address

MAC LUCAS FL LLC  
28347 Paseo Dr Ste 110  
Wesley Chapel, FL 33543

Agent Mailing Address & Phone No.

(813) 963-1669  
MORROW INSURANCE GROUP  
18936 N DALE MABRY HWY  
LUTZ, FL 33548-4909

Dear Policyholder:

We know you work hard to build your business. We work together with your agent, **MORROW INSURANCE GROUP (813) 963-1669** to help protect the things you care about. Thank you for selecting us.

Enclosed are your insurance documents consisting of:

- Commercial Protector

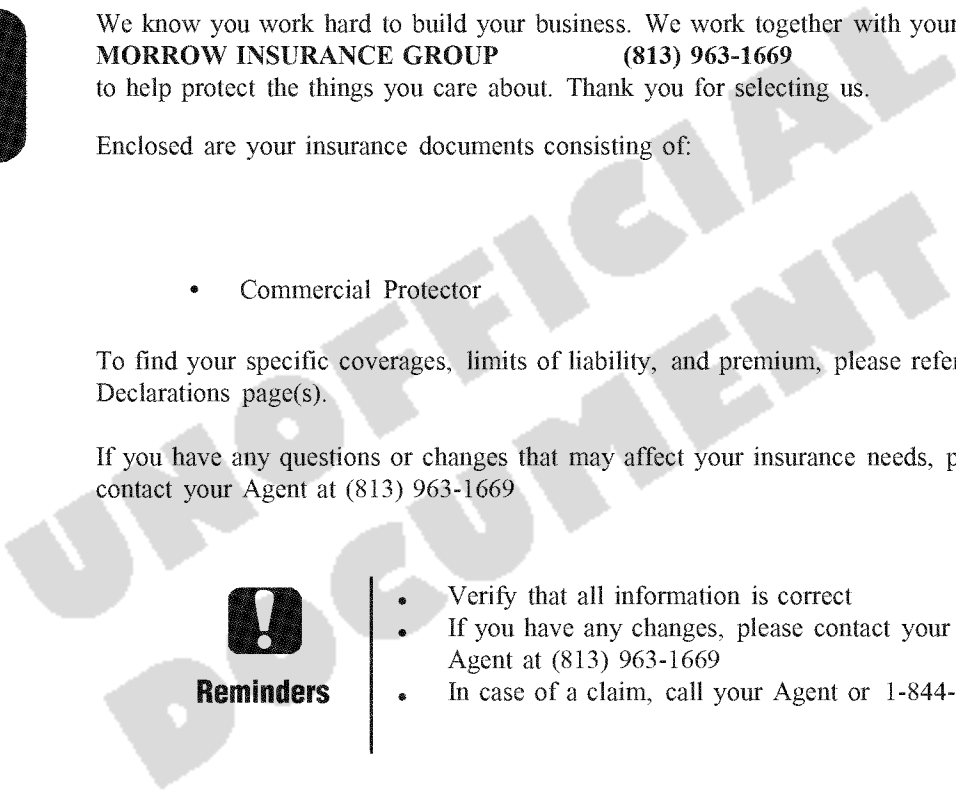
To find your specific coverages, limits of liability, and premium, please refer to your Declarations page(s).

If you have any questions or changes that may affect your insurance needs, please contact your Agent at (813) 963-1669



Reminders

- Verify that all information is correct
- If you have any changes, please contact your Agent at (813) 963-1669
- In case of a claim, call your Agent or 1-844-325-2467



You Need To Know

- CONTINUED ON NEXT PAGE

To report a claim, call your Agent or 1-844-325-2467



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## You Need To Know - continued

- **NOTICE(S) TO POLICYHOLDER(S)**

The Important Notice(s) to Policyholder(s) provide a general explanation of changes in coverage to your policy. The Important Notice(s) to Policyholder(s) is not a part of your insurance policy and it does not alter policy provisions or conditions. Only the provisions of your policy determine the scope of your insurance protection. It is important that you read your policy carefully to determine your rights, duties and what is and is not covered.

<b>FORM NUMBER</b>	<b>TITLE</b>
CNI90 11 07 18	Reporting A Commercial Claim 24 Hours A Day
NP 74 06 01 06	Flood Insurance Notice
NP 74 44 09 06	U.S. Treasury Department's Office of Foreign Assets Control (OFAC) Advisory Notice to Policyholders
NP 89 69 11 10	Important Policyholder Information Concerning Billing Practices
NP 98 20 01 15	Jurisdictional Boiler And Pressure Vessel Inspections
NP 98 82 01 15	Terrorism Insurance Premium Disclosure And Opportunity To Elect Coverage
SNI09 02 06 16	Risk Control Services - Important Information for Florida Policyholders
SNI90 01 12 18	Policyholder Notice - Company Contact Information

- This policy will be direct billed. You may choose to combine any number of policies on one bill with your billing account. Please contact your agent for more information.

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## REPORTING A COMMERCIAL CLAIM 24 HOURS A DAY

Liberty Mutual Insurance claims professionals across the United States are ready to resolve your claim quickly and fairly, so you and your team can focus on your business. Our claims teams are specialized, experienced and dedicated to a high standard of service.

### We're Just a Call Away - One Phone Number to Report All Commercial Insurance Claims

Reporting a new claim has never been easier. A Liberty Mutual customer service representative is available to you 24/7 at 1(844)325-2467 for reporting new property, auto, liability and workers' compensation claims. With contact centers strategically located throughout the country for continuity and accessibility, we're there when we're needed!

### Additional Resource for Workers' Compensation Customers

In many states, employers are required by law to use state-specific workers compensation claims forms and posting notices. This type of information can be found in the Policyholders Toolkit section of our website along with other helpful resources such as:

- Direct links to state workers compensation websites where you can find state-specific claim forms
- Assistance finding local medical providers
- First Fill pharmacy forms - part of our managed care pharmacy program committed to helping injured workers recover and return to work

Our Policyholder Toolkit can be accessed at [www.libertymutualgroup.com/toolkit](http://www.libertymutualgroup.com/toolkit).

For all claims inquiries please call us at

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## FLOOD INSURANCE NOTICE

Unless a Flood Coverage endorsement is attached, your policy does not provide flood coverage and you will **not** have coverage for property damage from floods unless you purchase a separate policy for flood insurance through the Federal Emergency Management Agency (FEMA) National Flood Insurance Program.

If you would like more information about obtaining coverage under the National Flood Insurance Program, please contact your agent.

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**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.**

Please refer any questions you may have to your insurance agent.

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.

## IMPORTANT POLICYHOLDER INFORMATION CONCERNING BILLING PRACTICES

**Dear Valued Policyholder:** This insert provides you with important information about our policy billing practices that may affect you. Please review it carefully and contact your agent if you have any questions.

**Premium Notice:** We will mail you a policy Premium Notice separately. The Premium Notice will provide you with specifics regarding your agent, the account and policy billed, the billing company, payment plan, policy number, transaction dates, description of transactions, charges/credits, policy amount balance, minimum amount, and payment due date. This insert explains fees that may apply to and be shown on your Premium Notice.

### Available Premium Payment Plans:

- **Annual Payment Plan:** When this plan applies, you have elected to pay the entire premium amount balance shown on your Premium Notice in full. No installment billing fee applies when the Annual Payment Plan applies.
- **Installment Payment Plan:** When this plan applies, you have elected to pay your policy premium in installments (e.g.: quarterly or monthly installments - Installment Payment Plans vary by state). As noted below, an installment fee may apply when the Installment Payment Plan applies.

The Premium Payment Plan that applies to your policy is shown on the top of your Premium Notice. Please contact your agent if you want to change your Payment Plan election.

**Installment Payment Plan Fee:** If you elected to pay your premiums in installments using the Installment Premium Payment Plan, an installment billing fee applies to each installment bill. The installment billing charge will not apply, however, if you pay the entire balance due when you receive the bill for the first installment. Because the amount of the installment charge varies from state to state, please consult your Premium Notice for the actual fee that applies.

**Dishonored Payment Fee:** Your financial institution may refuse to honor the premium payment withdrawal request you submit to us due to insufficient funds in your account or for some other reason. If that is the case, and your premium payment withdrawal request is returned to us dishonored, a payment return fee will apply. Because the amount of the return fee varies from state to state, please consult your Premium Notice for the actual fee that applies.

**Late Payment Fee:** If we do not receive the minimum amount due on or before the date or time the payment is due, as indicated on your Premium Notice, you will receive a policy cancellation notice effective at a future date that will also reflect a late payment fee charge. Issuance of the cancellation notice due to non-payment of a scheduled installment(s) may result in the billing and collection of all or part of any outstanding premiums due for the policy period. Late Payment Fees vary from state to state and are not applicable in some states.

**Special Note:** Please note that some states do not permit the charging of certain fees. Therefore, if your state does not allow the charging of an Installment Payment Plan, Dishonored Payment or Late Payment Fee, the disallowed fee will not be charged and will not be included on your Premium Notice.

**EFT-Automatic Withdrawals Payment Option:** When you select this option, you will not be sent Premium Notices and, in most cases, will not be charged installment fees. For more information on our EFT-Automatic Withdrawals payment option, refer to the attached policyholder plan notice and enrollment sheet.

Once again, please contact your agent if you have any questions about the above billing practice information.

**Thank you for selecting us to service your insurance needs.**

## JURISDICTIONAL BOILER AND PRESSURE VESSEL INSPECTIONS

Most jurisdictions (cities or states) are governed by laws and regulations that require owners of boilers and pressure vessels to have their equipment inspected on a routine basis. Jurisdictions require that equipment is installed and operated according to these regulations, and it is the equipment breakdown engineering inspector's responsibility to verify the equipment complies with all requirements.

Liberty Mutual Equipment Breakdown is a National Board Accredited Authorized Inspection Agency. This designation is recognized by authorities having jurisdictions in the U.S. & provinces of Canada and gives Liberty Mutual commissioned inspectors the ability to perform jurisdictionally required inspection on boilers and pressure vessels at insured locations. We have field inspectors strategically located throughout the U.S. to perform boiler and pressure vessel inspection for our customers and clients.

**To request a Jurisdictional Inspection please:**

- Call the LMEB Hotline (877) 526-0020

Or

- Email your request to [LMEBInspections@Libertymutual.com](mailto:LMEBInspections@Libertymutual.com)

The assigned EB Risk Engineer will call to schedule within 24 - 48 hours. When requesting an inspection please include the following:

- Current Policy Number
- Location Address
- Contact Name
- Contact Phone Number and/or Email Address

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## TERRORISM INSURANCE PREMIUM DISCLOSURE AND OPPORTUNITY TO ELECT COVERAGE

WE ARE SENDING YOU THIS NOTICE BECAUSE YOU PREVIOUSLY REJECTED COVERAGE FOR LOSSES RESULTING FROM A "CERTIFIED ACT OF TERRORISM" AS DEFINED BELOW.

THIS NOTICE PROVIDES YOU WITH A LIMITED PERIOD OF TIME WITHIN WHICH YOU MAY PURCHASE THIS COVERAGE FOR YOUR RENEWAL POLICY.

This notice contains important information about the Terrorism Risk Insurance Act and your option to elect terrorism insurance coverage. Please read it carefully.

### THE TERRORISM RISK INSURANCE ACT

The Terrorism Risk Insurance Act, including all amendments ("TRIA" or the "Act"), establishes a program to spread the risk of catastrophic losses from certain acts of terrorism between insurers and the federal government. If an individual insurer's losses from certified acts of terrorism exceed a specified deductible amount, the government will reimburse the insurer for a percentage of losses (the "Federal Share") paid in excess of the deductible, but only if aggregate industry losses from such acts exceed the "Program Trigger". An insurer that has met its insurer deductible is not liable for any portion of losses in excess of \$100 billion per year. Similarly, the federal government is not liable for any losses covered by the Act that exceed this amount. If aggregate insured losses exceed \$100 billion, losses up to that amount may be pro-rated, as determined by the Secretary of the Treasury.

The Federal Share and Program Trigger by calendar year are:

Calendar Year	Federal Share	Program Trigger
2015	85%	\$100,000,000
2016	84%	\$120,000,000
2017	83%	\$140,000,000
2018	82%	\$160,000,000
2019	81%	\$180,000,000
2020	80%	\$200,000,000

### MANDATORY AVAILABILITY OF COVERAGE FOR "CERTIFIED ACTS OF TERRORISM"

TRIA requires insurers to make coverage available for any loss that occurs within the United States (or outside of the U.S. in the case of U.S. missions and certain air carriers and vessels), results from a "certified act of terrorism" AND that is otherwise covered under your policy.

A "certified act of terrorism" means:

[A]ny act that is certified by the Secretary [of the Treasury] in consultation with the Secretary of Homeland Security, and the Attorney General of the United States.

- (i) to be an act of terrorism;
- (ii) to be a violent act or an act that is dangerous to -
  - (I) human life;
  - (II) property; or
  - (III) infrastructure;
- (iii) to have resulted in damage within the United States, or outside of the United States in the case of -
  - (I) an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or
  - (II) the premises of a United States mission; and

(iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**WHAT YOU MUST DO TO ELECT TERRORISM INSURANCE COVERAGE**

We are offering you the opportunity to add coverage to your renewal policy for losses resulting from an "certified act of terrorism" as defined above. THE PREMIUM CHARGE FOR THIS COVERAGE APPEARS ON PAGE TWO OF THIS DISCLOSURE AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT. If you elect to add this coverage, the coverage will be subject to all of the terms, definitions, exclusions and conditions contained in the policy.

TRIA does not apply to the following types of policies: commercial auto, burglary and theft (i.e. commercial crime), surety, professional liability, and farm owners multiperil. This Opportunity to Elect Coverage does not apply to any of those coverages or policies.

To add this coverage you must contact your agent before the date your policy renews. If the date we first get this offer to you is after the date of renewal or within fourteen (14) days of the date of renewal, you will have fourteen (14) days from the date we get this offer to you to add the coverage. By contacting your agent, the coverage will be added and your renewal policy will be endorsed and billed accordingly.

Note: if you elect coverage for "certified acts of terrorism" in a Commercial Umbrella Liability Policy with us, you must also elect coverage for "certified acts of terrorism" in your underlying liability insurance.

Note also that certain states (currently CA, GA, IA, IL, ME, MO, NY, NC, NJ, OR, RI, WA, WI and WV) mandate coverage for loss caused by fire following a "certified act of terrorism" in certain types of insurance policies. If you maintain your rejection of TRIA coverage in these states on those policies, you will not be charged any additional premium for that state mandated coverage.

Terrorism Risk Insurance Act Premium:

**Line of Business**

**Premium By Coverage**

Commercial Protector	The premium for Commercial Protector (BOP) Certificate of Terrorism Coverage is: \$8
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Please contact your agent if you wish to elect Certified Acts of Terrorism Coverage for any Line of Business shown above.

The summary of the Act and the coverage under your policy contained in this notice is necessarily general in nature. Your policy contains specific terms, definitions, exclusions and conditions. In case of any conflict, your policy language will control the resolution of all coverage questions. Please read your policy.

If you have any questions regarding this notice, please contact your agent.



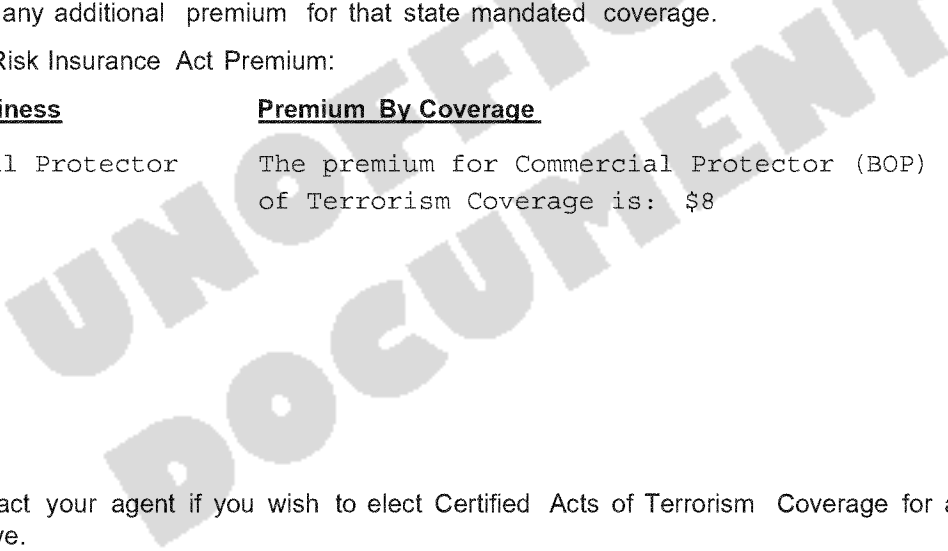
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## **RISK CONTROL SERVICES - IMPORTANT INFORMATION FOR FLORIDA POLICYHOLDERS**

Through its Risk Control Services department, Liberty Mutual Insurance has safety consultation services that are available to policyholders. We have found that some of these services are consistent with your workplace hazards. These services may be available to you as our policyholder at no additional cost.

To obtain further information about our safety consultation services, please contact our Risk Control Consulting Center at 1-866-757-7324 or email [RCConsultingCenter@LibertyMutual.com](mailto:RCConsultingCenter@LibertyMutual.com).

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## POLICYHOLDER NOTICE - COMPANY CONTACT INFORMATION

In the event you need to contact someone about this policy for any reason, please contact your Sales Representative or Producer of Record as shown on the policy Declarations or Information Page.

If you have additional questions, you may contact the company at the following address:

**Liberty Mutual Insurance**  
**175 Berkeley Street**  
**Boston, MA 02116**  
**+1 (800) 344-0197**



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Coverage Is Provided In:

Ohio Security Insurance Company

9450 Seward Road, Fairfield, Ohio 45014

Policy Number:

**BZS (21) 57 74 88 42**

Policy Period:

**From 01/20/2020 To 01/20/2021**

12:01 am Standard Time  
at Insured Mailing Location

**Commercial Protector Common  
Policy Declarations**

**Named Insured & Mailing Address**

MAC LUCAS FL LLC  
28347 Paseo Dr Ste 110  
Wesley Chapel, FL 33543

**Agent Mailing Address & Phone No.**

(813) 963-1669  
MORROW INSURANCE GROUP  
18936 N DALE MABRY HWY  
LUTZ, FL 33548-4909

**Named Insured Is:** LIMITED LIABILITY COMPANY

**Named Insured Business Is:** BAKERY

*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.*

**SUMMARY OF COVERAGE PARTS AND CHARGES**

These Declarations together with the Businessowners Coverage Form (and other applicable forms and endorsements, if any, issued to form a part of them) complete this policy.

**COVERAGE PART**

**CHARGES**

Commercial Protector

\$1,521.51

*Total Charges for all of the above coverage parts:*

**\$1,521.51**

*Note: This is not a bill*

**IMPORTANT MESSAGES**

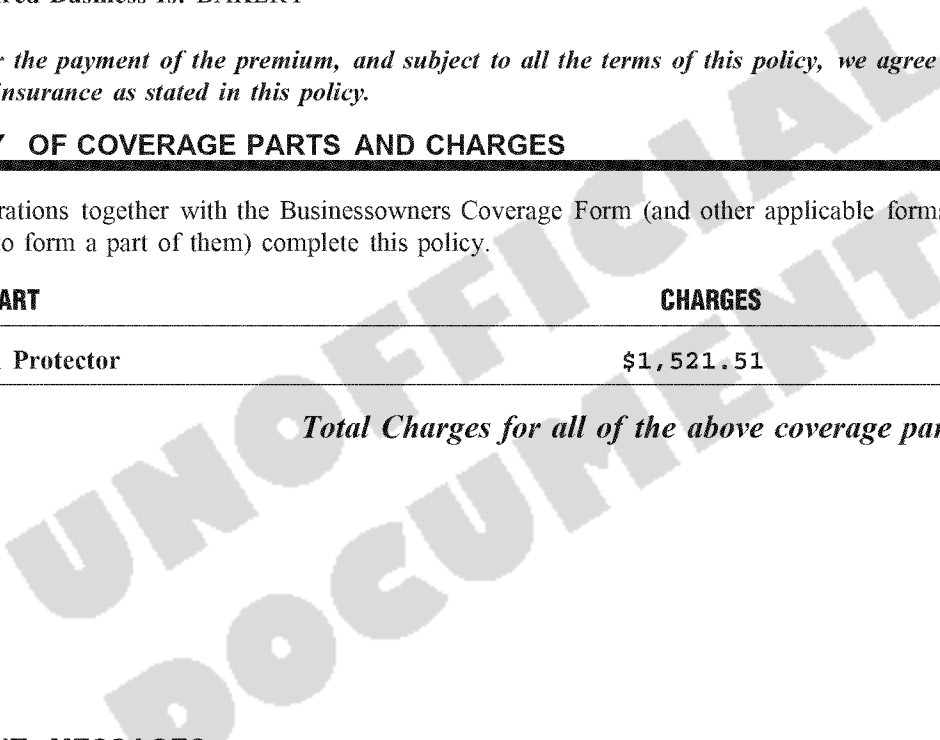
- Equipment Breakdown Enhancement Is Included - See Policy Forms and Endorsements summary

Issue Date 11/21/19

Authorized Representative

To report a claim, call your Agent or 1-844-325-2467

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Coverage Is Provided In:  
Ohio Security Insurance Company

175 Berkeley St., Boston, MA 02116

Policy Number:  
**BZS (21) 57 74 88 42**  
Policy Period:  
**From 01/20/2020 To 01/20/2021**  
12:01 am Standard Time  
at Insured Mailing Location

### Common Policy Declarations

#### Named Insured

MAC LUCAS FL LLC  
28347 Paseo Dr Ste 110  
Wesley Chapel, FL 33543

#### Agent

(813) 963-1669  
MORROW INSURANCE GROUP  
18936 N DALE MABRY HWY  
LUTZ, FL 33548-4909

#### OTHER NAMED INSUREDS

See Named Insured Endorsement DS8804

#### SUMMARY OF LOCATION(S) AND PREMIUM(S)

0001 28347 Paseo Dr Ste 110, Wesley Chapel, FL 33543-5424

**\$1,471.00**

#### POLICY FORMS AND ENDORSEMENTS

This section lists the Forms and Endorsements for your policy. Refer to these documents as needed for detailed information concerning your coverage.

FORM NUMBER	TITLE
BP 00 03 01 06	Businessowners Coverage Form
BP 01 59 08 08	Water Exclusion Endorsement
BP 03 03 03 16	Florida Changes
BP 03 11 02 12	Florida - Sinkhole Loss Coverage
BP 03 12 01 06	Windstorm or Hail Percentage Deductibles
BP 04 17 07 02	Employment - Related Practices Exclusion
BP 05 24 01 15	Exclusion Of Certified Acts Of Terrorism
BP 05 77 01 06	Fungi or Bacteria Exclusion (Liability)

In witness whereof, we have caused this policy to be signed by our authorized officers.



Mark Touhey  
Secretary



David Long  
President

To report a claim, call your Agent or 1-844-325-2467  
DS 70 21 11 16

Coverage Is Provided In:  
Ohio Security Insurance Company

Policy Number:  
**BZS (21) 57 74 88 42**  
Policy Period:  
**From 01/20/2020 To 01/20/2021**  
12:01 am Standard Time  
at Insured Mailing Location

**Commercial Protector Common  
Policy Declarations**

**Named Insured**

**Agent**

MAC LUCAS FL LLC  
28347 Paseo Dr Ste 110  
Wesley Chapel, FL 33543

(813) 963-1669  
MORROW INSURANCE GROUP  
18936 N DALE MABRY HWY  
LUTZ, FL 33548-4909

**POLICY FORMS AND ENDORSEMENTS - CONTINUED**

This section lists the Forms and Endorsements for your policy. Refer to these documents as needed for detailed information concerning your coverage.

**FORM NUMBER**

**TITLE**

BP 06 01 01 07	Exclusion of Loss Due to Virus or Bacteria
BP 15 04 05 14	Exclusion - Access Or Disclosure Of Confidential Or Personal Information And Data-Related Liability - With Limited Bodily Injury Exception
BP 79 60 01 07	Restaurant Amendatory Endorsement
BP 79 74 02 08	Amendment of Pollution Exclusion (Premises)
BP 79 90 06 17	Businessowners Food Contamination Coverage Endorsement
BP 79 96 07 10	Businessowners Liability Extension Endorsement
BP 80 65 01 07	Spoilage Coverage Endorsement
BP 81 15 01 07	Exclusion - Asbestos
BP 81 18 01 07	Medical Expense At Your Request Endorsement
BP 82 37 08 15	Equipment Breakdown Coverage Endorsement
BP 82 46 06 09	Employment - Related Practices Liability Coverage
BP 88 04 06 09	Exclusion - Professional Services
BP 88 15 03 12	Identity Recovery Coverage For Defined Individuals
BP 88 16 06 09	Business Income Changes - 24 Hour Time Period
BP 88 19 07 10	Businessowners Property Endorsement

To report a claim, call your Agent or 1-844-325-2467

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**Commercial Protector  
Policy Declarations**

**Named Insured**

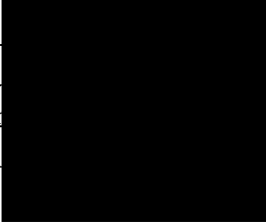
**Agent**

MAC LUCAS FL LLC

(813) 963-1669  
MORROW INSURANCE GROUP

**SUMMARY OF LIMITS AND CHARGES**

<b>Businessowners</b>	<b>DESCRIPTION</b>	<b>LIMIT</b>
<b>Liability</b>	Liability and Medical Expenses - Occurrence	2,000,000
	Aggregate Limits of Insurance	
<b>Limits of Insurance</b>	Products-Completed Operations	4,000,000
	Other than Products-Completed Operations	4,000,000
	Broadened Coverage For Damage To Premises Rented To You	2,000,000
	Medical Expenses (Any One Person)	15,000

<b>Explanation of Charges</b>	<b>DESCRIPTION</b>	<b>PREMIUM</b>
	Businessowners Location(s) Total	
	Businessowners Other Coverage(s) Total	
	FL Emergency Management Preparedness & Assistance Trust Fund Surchar	
	FL Fire College Trust Fund Assessment	
	<b>Total Charges:</b>	

*Note: This is not a bill*

To report a claim, call your Agent or 1-844-325-2467



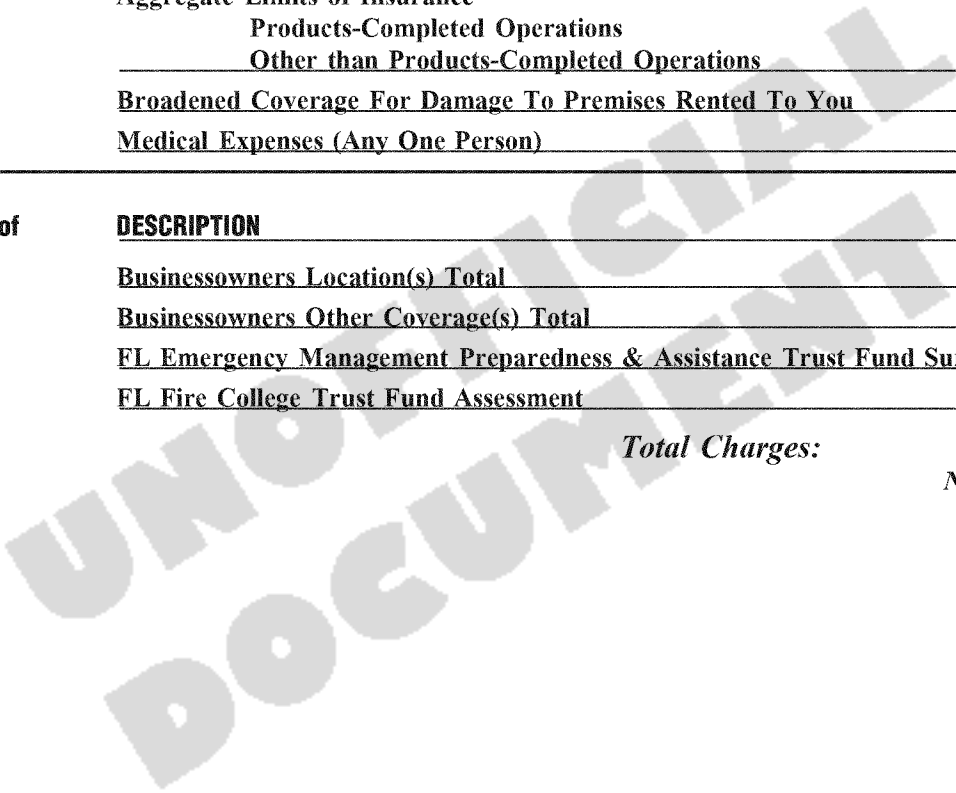
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**Commercial Protector**  
**Declarations Schedule**

<b>Named Insured</b>	<b>Agent</b>
MAC LUCAS FL LLC	(813) 963-1669 MORROW INSURANCE GROUP

**SUMMARY OF COVERAGES BY LOCATION**

0001 28347 Paseo Dr Ste 110, Wesley Chapel, FL 33543-5424

<b>Property Characteristics</b>	<b>Description:</b>
	<b>Construction:</b> Non-Combustible

<b>Business Personal Property Coverage</b>	<b>Occupancy:</b> Bakeries-No Baking on Premises - Retail
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**DESCRIPTION**

Limit of Insurance
Covered Causes of Loss
Special Form
Deductible
Deductible - Windstorm or Hail

*Premium*

<b>Spoilage</b>	<b>DESCRIPTION</b>
Limit of Insurance	
Deductible	

*Premium*

*Included*

To report a claim, call your Agent or 1-844-325-2467



**Commercial Protector**  
**Declarations Schedule**

**Named Insured**

**Agent**

MAC LUCAS FL LLC

(813) 963-1669  
MORROW INSURANCE GROUP

**SUMMARY OF OTHER COVERAGES**

<b>Employee Dishonesty Including Forgery and Alteration</b>	<b>DESCRIPTION</b>	
	Limit of Insurance	\$25,000
	Number of Employees	2
	Deductible	\$500

*Premium*

*Included*

<b>Employment Related Practices</b>	<b>DESCRIPTION</b>	
	Aggregate Limit	\$10,000
	Each Claim Limit	\$10,000
	Number of Employees	2
	Retroactive Date	01/20/2017
	Deductible	\$5,000
	Coinsurance	0%

*Premium*

<b>Identity Recovery Coverage for Defined Individuals</b>	<b>DESCRIPTION</b>	
	See Endorsement	

*Premium*

**Businessowners Location(s) Total**

**Businessowners Other Coverage(s) Total**

**Businessowners Schedule Total**

To report a claim, call your Agent or 1-844-325-2467

**UNOFFICIAL  
DOCUMENT**

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## Named Insured Endorsement

POLICY NUMBER  
**BZS (21) 57 74 88 42**

Policy Period:  
**From 01/20/2020 To 01/20/2021**  
12:01 am Standard Time  
at Insured Mailing Location

This Endorsement Changes The Policy. Please Read it Carefully.

The complete Named Insured reads as follows:

MAC LUCAS FL LLC

LE MACARON FRENCH PASTRIES WESLEY  
CHAPEL

UNOFFICIAL  
DOCUMENT

**UNOFFICIAL  
DOCUMENT**

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## BUSINESSOWNERS COVERAGE FORM

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

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

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

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

### SECTION I - PROPERTY

#### A. Coverage

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

##### 1. Covered Property

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

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

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

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

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

(6) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the buildings or structures;
- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

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

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph E.5.d.(3)(b);
- (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove; and
- (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph 1.b.(2); and

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

## 2. Property Not Covered

Covered Property does not include:

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

## 3. Covered Causes Of Loss

Risks of direct physical loss unless the loss is:

- a. Excluded in Paragraph B. Exclusions in Section I; or
- b. Limited in Paragraph 4. Limitations in Section I.

## 4. Limitations

- a. We will not pay for loss of or damage to:
  - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - (3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the Optional Coverage for Money and Securities.
  - (4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
  - (5) The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- b. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken, unless caused by the "specified causes of loss" or building glass breakage. This restriction does not apply to:
  - (1) Glass that is part of the exterior or interior of a building or structure;
  - (2) Containers of property held for sale; or
  - (3) Photographic or scientific instrument lenses.
- c. For loss or damage by theft, the following types of property are covered only up to the limits shown:
  - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
  - (2) \$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.
  - (3) \$2,500 for patterns, dies, molds and forms.

**5. 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 that we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
- (b) Subject to Paragraph (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 Paragraphs (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.



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**(5) Examples**

**Example #1**

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

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

**Example #2**

Limit of Insurance	\$90,000
Amount of Deductible	\$ 500
Amount of Loss	\$80,000
Amount of Loss Payable	\$79,500 (\$80,000-\$500)
Debris Removal Expense	\$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 of or damage to that property:

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

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,500, unless a different limit is shown in the Declarations, for your liability for fire department service charges:

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

**d. Collapse**

- (1) With respect to buildings:
  - (a) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
  - (b) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
  - (c) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building; and

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

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

- (a) The "specified causes of loss" or breakage of building glass, all only as insured against in this policy;
- (b) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- (c) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse; and
- (d) Weight of people or personal property;
- (e) Weight of rain that collects on a roof; or
- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in Paragraphs (a) through (e), we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in Paragraphs (1)(a) through (1)(d) do not limit the coverage otherwise provided under this Additional Coverage for the causes of loss listed in Paragraphs (2)(a), (2)(d) and (2)(e).

(3) With respect to the following property:

- (a) Awnings;
- (b) Gutters and downspouts;
- (c) Yard fixtures;
- (d) Outdoor swimming pools;
- (e) Piers, wharves and docks;
- (f) Beach or diving platforms or appurtenances;
- (g) Retaining walls; and
- (h) Walks, roadways and other paved surfaces;

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

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

- (a) The collapse was caused by a cause of loss listed in Paragraphs (2)(a) through (2)(f) of this Additional Coverage;
- (b) The personal property which collapses is inside a building; and
- (c) The property which collapses is not of a kind listed in Paragraph (3) above, regardless of whether that kind of property is considered to be personal property or real property.

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

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



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- (5) This Additional Coverage, Collapse, will not increase the Limits Of Insurance provided in this policy.

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

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

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

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

f. **Business Income**

(1) **Business Income**

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

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

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

- (b) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.

- (c) Business Income means the:

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

- (ii) Continuing normal operating expenses incurred, including payroll.

- (d) Ordinary payroll expenses:

- (i) Mean payroll expenses for all your employees except:
  - i. Officers;
  - ii. Executives;
  - iii. Department Managers;

- iv. Employees under contract; and
- v. Additional Exemptions shown in the Declarations as:
  - Job Classifications; or
  - Employees.

(ii) Include:

- i. Payroll;
- ii. Employee benefits, if directly related to payroll;
- iii. FICA payments you pay;
- iv. Union dues you pay; and
- v. Workers' compensation premiums.

**(2) Extended Business Income**

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

(i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and

(ii) Ends on the earlier of:

- i. The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or
- ii. 30 consecutive days after the date determined in Paragraph (a)(i) above, unless a greater number of consecutive days is shown in the Declarations.

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

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

(3) With respect to the coverage provided in this Additional Coverage, suspension means:

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

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

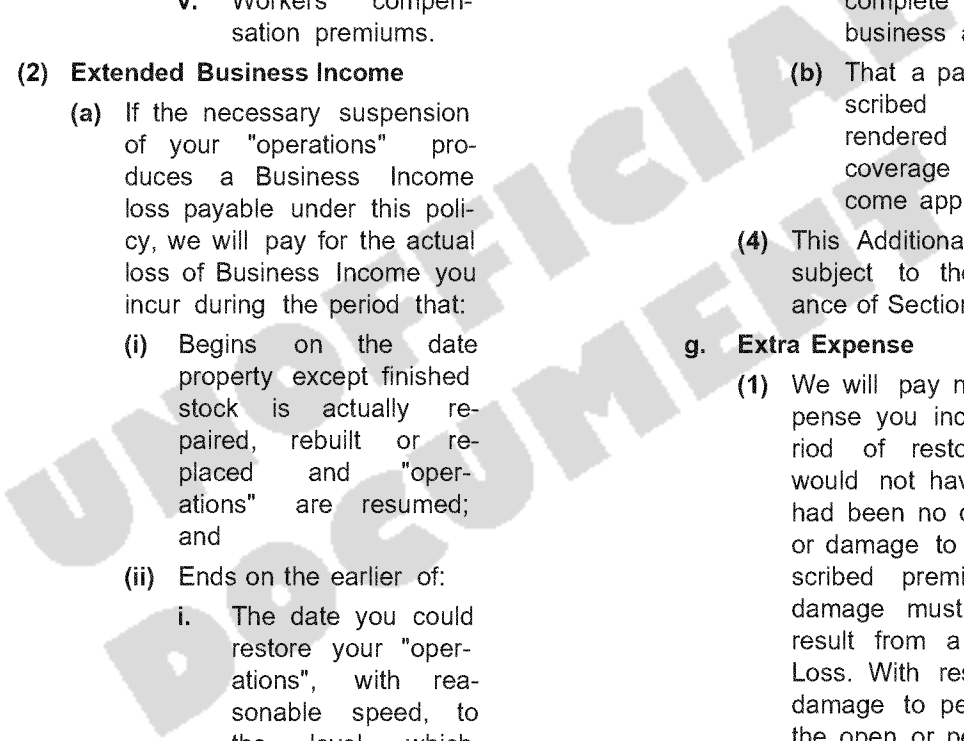
(4) This Additional Coverage is not subject to the Limits of Insurance of Section I - Property.

**g. Extra Expense**

(1) We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

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

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



- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.
- (2) Extra Expense means expense incurred:
  - (a) To avoid or minimize the suspension of business and to continue "operations":
    - (i) At the described premises; or
    - (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
  - (b) To minimize the suspension of business if you cannot continue "operations".
  - (c) To:
    - (i) Repair or replace any property; or
    - (ii) Research, replace or restore the lost information on damaged "valuable papers and records" to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
  - (a) The partial slowdown or complete cessation of your business activities; or
  - (b) That a part or all of the described premises is rendered unten-antable, if coverage for Business Income applies.
- (4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section I - Property.

**h. Pollutant Clean Up And Removal**

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

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

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

**i. Civil Authority**

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage beings.

The coverage for necessary Extra Expense will begin immediately after the time of that action and ends:

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

whichever is later.

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

**j. Money Orders And "Counterfeit Money"**

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

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

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

**k. Forgery Or Alteration**

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

**l. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in Paragraphs (3) through (9) of this Additional Coverage.
- (3) The ordinance or law referred to in Paragraph (2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a) You were required to comply with before the loss, even when the building was undamaged; and
  - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
  - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria; or
  - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.



- (6) The most we will pay under this Additional Coverage, for each described building insured under Section I - Property, is \$10,000. If a damaged building(s) is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for each damaged building, is \$10,000.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
- (a) We will not pay for the Increased Cost of Construction:
- (i) Until the property is actually repaired or replaced, at the same or another premises; and
  - (ii) Unless the repairs or replacement are made as soon as reasonable possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

- (9) The costs addressed in the Loss Payment Property Loss Condition in Section I - Property do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in Paragraph (6) of this Additional Coverage, is not subject to such limitation.

**m. Business Income From Dependent Properties**

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

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

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

- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
- (a) Source of materials; or
  - (b) Outlet for your products.
- (3) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4) Dependent property means property owned by others whom you depend on to:

- (a) Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;
- (b) Accept your products or services;
- (c) Manufacture your products for delivery to your customers under contract for sale; or
- (d) Attract customers to your business.

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

- (5) The coverage period for Business Income under this Additional Coverage:
  - (a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
  - (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (6) The Business Income coverage period, as stated in Paragraph (5), does not include any increased period required due to the enforcement of any ordinance or law that:
  - (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

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

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

**n. Glass Expenses**

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

**o. Fire Extinguisher Systems Recharge Expense**

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



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**p. Electronic Data**

- (1) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that "electronic data" is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.
- (2) The Covered Causes of Loss applicable to Business Personal Property include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (3) The most we will pay under this Additional Coverage - Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved is \$10,000, unless a higher Limit of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

**q. Interruption Of Computer Operations**

- (1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.
- (2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
  - (a) Coverage under this Additional Coverage - Interruption Of Computer Operations is limited to the "specified causes of loss" and Collapse.
  - (b) If the Businessowners Coverage Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage.
  - (c) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.



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- (3) The most we will pay under this Additional Coverage - Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is \$10,000 unless a higher Limit of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (4) This Additional Coverage - Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (3) above has not been exhausted.
- (5) Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.

- (6) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.

**r. Limited Coverage For "Fungi", Wet Rot, Dry Rot And Bacteria**

- (1) The coverage described in Paragraphs r.(2) and r.(6) only applies when the "fungi", wet or dry rot or bacteria are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) We will pay for loss or damage by "fungi", 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 "fungi", wet or dry rot or bacteria, including the cost of removal of the "fungi", 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 "fungi", 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 "fungi", wet or dry rot or bacteria are present.

(3) The coverage described under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet or dry rot or bacteria, we will not pay more than the total of \$15,000 even if the "fungi", 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 "fungi", 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 "fungi", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", 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 the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.

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

(a) If the loss which resulted in "fungi", wet 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 "fungi", wet or dry rot or bacteria, then our payment under the 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 "fungi", wet or dry rot or bacteria, but remediation of "fungi", 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.

#### 6. Coverage Extensions

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

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

**a. Newly Acquired Or Constructed Property**

**(1) Buildings**

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

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

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

**(2) Business Personal Property**

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

- (a) Business Personal Property, including such property that you newly acquire, at any location you acquire.
- (b) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (c) Business Personal Property that you newly acquire, located at the described premises.

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

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

**(3) Period Of Coverage**

With respect to insurance 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 Property Off Premises**

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

**c. Outdoor Property**

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

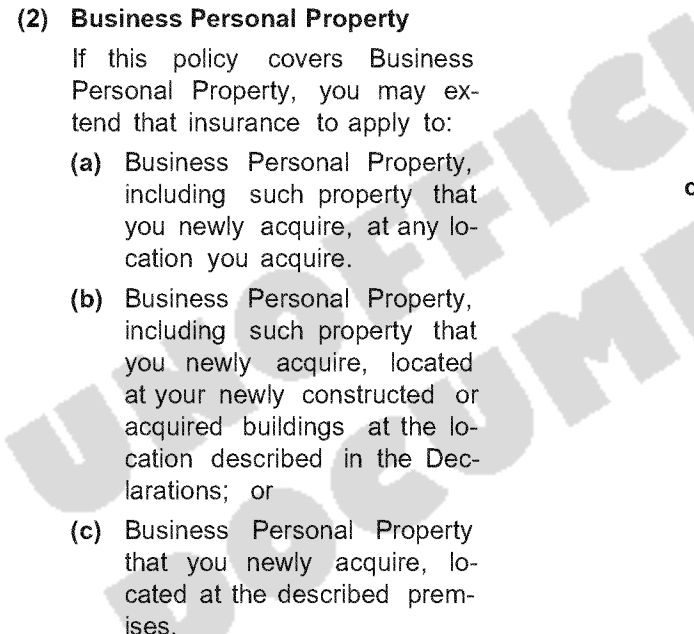
- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$2,500, but not more than \$500 for any one tree, shrub or plant.

**d. Personal Effects**

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

- (1) Tools or equipment used in your business; or



(2) Loss or damage by theft.

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

e. **Valuable Papers And Records**

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

(2) This Coverage Extension does not apply to:

- (a) Property held as samples or for delivery after sale; and
- (b) Property in storage away from the premises shown in the Declarations.

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

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

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

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

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

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

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

(d) Paragraph **B.2.f.**, Dishonesty;

(e) Paragraph **B.2.g.**, False Pretense; and

(f) Paragraph **B.2.m.(2)**, Errors Or Omissions; and

(g) Paragraph **B.3.**

f. **Accounts Receivable**

(1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:

(a) All amounts due from your customers that you are unable to collect;

(b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and

(d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

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

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

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

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

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

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

- (c) Paragraph **B.1.f.**, War And Military Action;
- (d) Paragraph **B.2.f.**, Dishonesty;
- (e) Paragraph **B.2.g.**, False Pretense;
- (f) Paragraph **B.3.**; and
- (g) Paragraph **B.5.** Accounts Receivable Exclusion.

**B. Exclusions**

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

**a. Ordinance Or Law**

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

**b. Earth Movement**

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

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

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

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

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

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

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

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

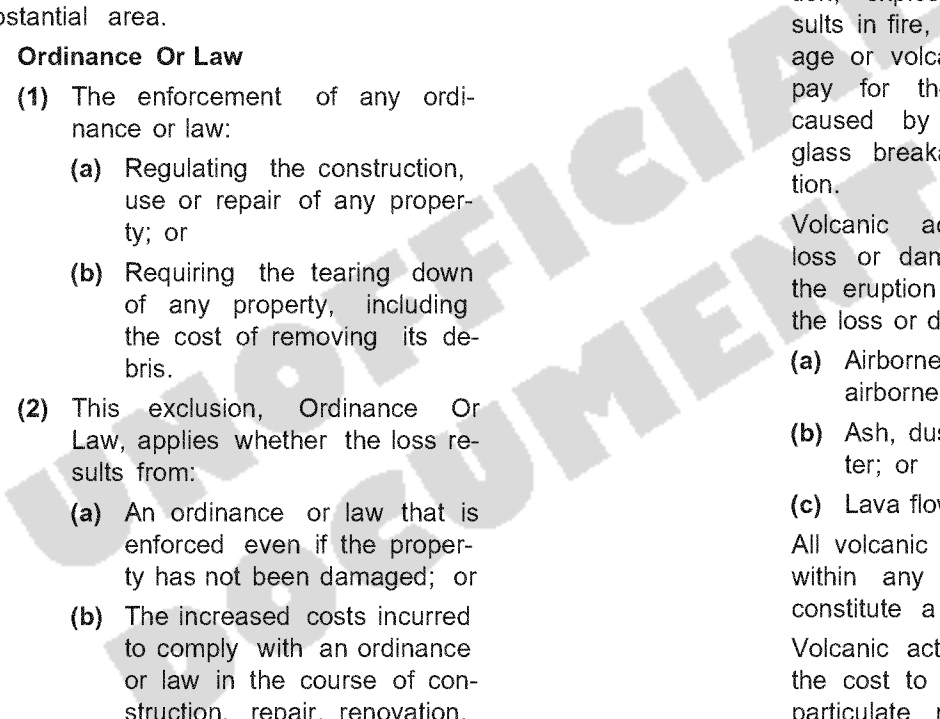
**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

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

**d. Nuclear Hazard**

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



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

**e. Power Failure**

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises. Failure includes lack of sufficient capacity and reduction in supply.

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

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

**f. War And Military Action**

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

**g. Water**

- (1) Flood, surface water, waves, 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 Paragraphs (1) through (4), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

**h. Certain Computer-Related Losses**

(1) The failure, malfunction or inadequacy of:

- (a) Any of the following, whether belonging to any insured or to others:
  - (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;
  - (ii) "Computer" application software or other "electronic media and records" as may be described elsewhere in this policy;
  - (iii) "Computer" operating systems and related software;
  - (iv) "Computer" networks;
  - (v) Microprocessors ("computer" chips) not part of any "computer" system; or
  - (vi) Any other computerized or electronic equipment or components; or

(b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

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

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

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

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

**i. "Fungi", Wet Rot, Dry Rot and Bacteria**

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

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

This exclusion does not apply:

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

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

**a. Electrical Apparatus**

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by fire.

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

- (1) An occurrence that took place within 100 feet of the described premises; or

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

**b. Consequential Losses**

Delay, loss of use or loss of market.

**c. Smoke, Vapor, Gas**

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

**d. Steam Apparatus**

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

**e. Frozen Plumbing**

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

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

**f. Dishonesty**

Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "manages", 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



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

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

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

**g. False Pretense**

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

**h. Exposed Property**

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

**i. Collapse**

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

**j. Pollution**

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

**k. Neglect**

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

**l. Other Types Of Loss**

- (1) Wear and tear;
- (2) Rust or other, corrosion, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force.

This exclusion does not apply with respect to the breakdown of "computer(s)";

- (7) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere;
  - (b) Changes in or extremes of temperature; or
  - (c) Marring or scratching.

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

**m. Errors Or Omissions**

Errors or omissions in:

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

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

**n. Installation, Testing, Repair**

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



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

**o. Electrical Disturbance**

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided for under the Coverage Extensions of Section I - Property.

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

**p. Continuous Or Repeated Seepage Or Leakage Of Water**

Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

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

**a. Weather Conditions**

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

**b. Acts Or Decisions**

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

**c. Negligent Work**

Faulty, inadequate or defective:

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

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

**4. Business Income And Extra Expense Exclusions**

a. We will not pay for:

- (1) Any Extra Expense or increase of Business Income loss, caused by or resulting from:

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

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

- (2) Any other consequential loss.

b. With respect to this exclusion, suspension means:

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

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

**5. Accounts Receivable Exclusion**

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

We will not pay for:

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

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

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

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



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### C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance of Section I - Property shown in the Declarations.
2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.
3. The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance of Section I - Property.

#### 4. Building Limit - Automatic Increase

- a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, 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 Building limit, divided by 365.

#### Example:

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

The amount of increase is  
 $\$100,000 \times .08 \times 146 \div 365 = \$3,200.$

#### 5. Business Personal Property Limit - Seasonal Increase

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.

- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

- (1) The 12 months immediately preceding the date the loss or damage occurs; or
- (2) The period of time you have been in business as of the date the loss or damage occurs.

### D. Deductibles

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

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

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

### E. Property Loss Conditions

#### 1. Abandonment

There can be no abandonment of any property to us.

## 2. Appraisal

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

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

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

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

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

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

- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (8) Cooperate with us in the investigation or settlement of the claim.

- (9) Resume all or part of your "operations" as quickly as possible.

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

## 4. Legal Action Against Us

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

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

## 5. Loss Payment

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

- a. At our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraph d.(1)(e) below.

- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Except as provided in Paragraphs (2) through (7) below, we will determine the value of Covered Property as follows:

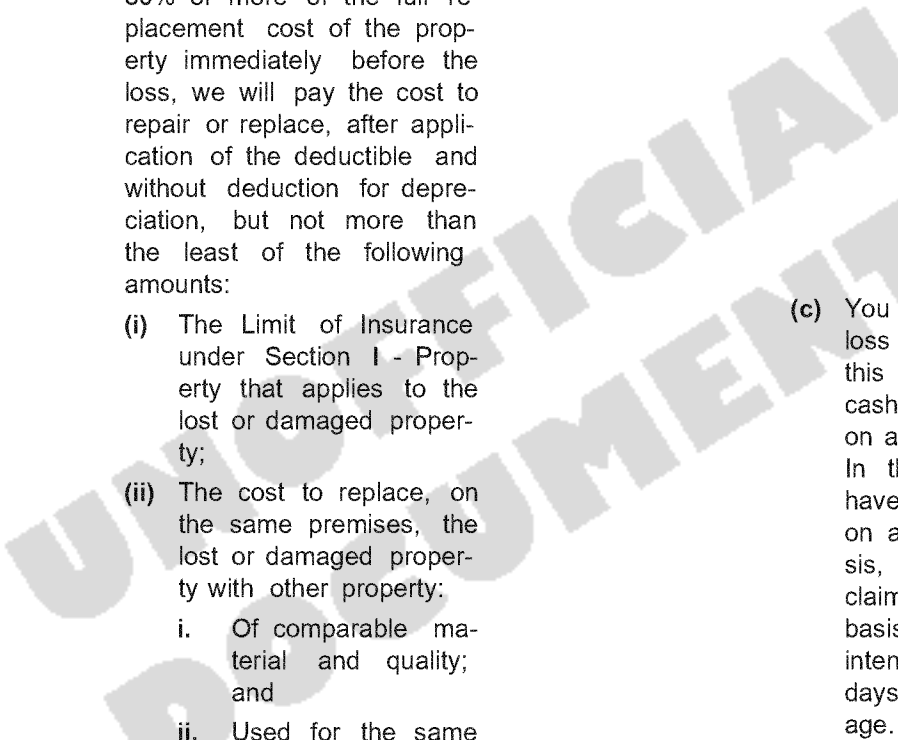
(1) At replacement cost without deduction for depreciation, subject to the following:

(a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:

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

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

- (b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance that applies to the property:
  - (i) The actual cash value of the lost or damaged property; or
  - (ii) A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the cost of repair or replacement.
- (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 settle on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
- (d) We will not pay on a replacement cost basis for any loss or damage:
  - (i) Until the lost or damaged property is actually repaired or replaced; and
  - (ii) Unless the repairs or replacement are made as soon as reasonable possible after the loss or damage.



However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of Paragraphs **d.(1)(a)** and **d.(1)(b)** above whether or not the actual repair or replacement is complete.

- (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (2) If the "Actual Cash Value - Buildings" option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
- (3) The following property at actual cash value:
  - (a) Used or second-hand merchandise held in storage or for sale;
  - (b) Property of others. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance;
  - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
  - (d) Manuscripts; and
  - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelain and bric-a-brac.

- (4) Glass at the cost of replacement with safety glazing material if required by law.
  - (5) Tenants' Improvements and Betterments at:
    - (a) Replacement cost if you make repairs promptly.
    - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
      - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
      - (ii) Divide the amount determined in (i) above by the number days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (c) Nothing if others pay for repairs or replacement.
  - (6) Applicable only to the Optional Coverages:
    - (a) "Money" at its face value; and
    - (b) "Securities" at their value at the close of business on the day the loss is discovered.
  - (7) Applicable only to Accounts Receivable:
    - (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
      - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

- (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
  - (i) The amount of the accounts for which there is no loss or damage;
  - (ii) The amount of the accounts that you are able to re-establish or collect;
  - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
  - (iv) All unearned interest and service charges.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

## 6. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance of Section I - Property.

## 7. Resumption Of Operations

We will reduce the amount of your:

- a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

## 8. Vacancy

### a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in Paragraphs (a) and (b) below:

- (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
- (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
  - (i) Rented to a lessee or 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 Paragraphs (1)(a) through (1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

**F. Property General Conditions**

**1. Control Of Property**

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

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

**2. Mortgageholders**

- a. The term "mortgageholder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1) Pays any premium due under this policy at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

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

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

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

**3. No Benefit To Bailee**

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



#### 4. Policy Period, Coverage Territory

Under Section I - Property:

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

#### G. Optional Coverages

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

##### 1. Outdoor Signs

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

#### 2. Money And Securities

- a. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
  - (1) Theft, meaning any act of stealing;
  - (2) Disappearance; or
  - (3) Destruction.
- b. In addition to the Limitations and Exclusions applicable to Section I - Property, we will not pay for loss:
  - (1) Resulting from accounting or arithmetical errors or omissions;
  - (2) Due to the giving or surrendering of property in any exchange or purchase; or
  - (3) Of property contained in any "money"- operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- c. The most we will pay for loss in any one occurrence is:
  - (1) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while:
    - (a) In or on the described premises; or
    - (b) Within a bank or savings institution; and
  - (2) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else.
- d. All loss:
  - (1) Caused by one or more persons; or
  - (2) Involving a single act or series of related acts;is considered one occurrence.
- e. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.



### 3. Employee Dishonesty

a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

- (1) Cause you to sustain loss or damage; and also
- (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
  - (a) Any employee; or
  - (b) Any other person or organization.

b. We will not pay for loss or damage:

- (1) Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
- (2) Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph a.), "managers" or directors:
  - (a) Whether acting alone or in collusion with other persons; or
  - (b) While performing services for you or otherwise.
- (3) The only proof of which as to its existence or amount is:
  - (a) An inventory computation; or
  - (b) A profit and loss computation.

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

d. All loss or damage:

- (1) Caused by one or more persons; or
- (2) Involving a single act or series of acts;

is considered one occurrence.

e. If any loss is covered:

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

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

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

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

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

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

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

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

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

- i. The insurance under Paragraph **h.** above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
  - (1) This Optional Coverage as of its effective date; or
  - (2) The prior insurance had it remained in effect.
- j. With respect to the Employee Dishonesty Optional Coverage in Paragraph **G.3.**, employee means:
  - (1) Any natural person:
    - (a) While in your service or for 30 days after termination of service;
    - (b) Who you compensate directly by salary, wages or commissions; and
    - (c) Who you have the right to direct and control while performing services for you;
  - (2) Any natural person who is furnished temporarily to you;
    - (a) To substitute for a permanent employee as defined in Paragraph (1) above, who is on leave; or
    - (b) To meet seasonal or short-term work load conditions;
  - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (2) above;
  - (4) Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or
  - (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

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

#### 4. Mechanical Breakdown

- a. We will pay for direct damage to Covered Property caused by an Accident to an Object. The Object must be:
  - (1) Owned by you or in your care, custody or control; and
  - (2) At the described premises.
- b. Accident means a sudden and accidental breakdown of the Object or a part of the Object. At the time the breakdown occurs, it must manifest itself by physical damage to the Object that necessitates repair or replacement.
- c. None of the following is an Accident:
  - (1) Depletion, deterioration, corrosion or erosion;
  - (2) Wear and tear;
  - (3) Leakage at any value, fitting, shaft seal, gland packing, joint or connection;
  - (4) Breakdown of any vacuum tube, gas tube or brush;
  - (5) Breakdown of any "computer", including "computer(s)" used to operate production type machinery or equipment;
  - (6) Breakdown of any structure or foundation supporting the Object or any of its parts;
  - (7) The functioning of any safety or protective device; or
  - (8) The explosion of gases or fuel within the furnace of any Object or within the flues or passages through which the gases of combustion pass.
- d. Object means any of the following equipment:
  - (1) Boiler and Pressure Vessels:
    - (a) Steam heating boilers and condensate return tanks used with them;

- (b) Hot water heating boilers and expansion tanks used with them;
  - (c) Hot water supply boilers;
  - (d) Other fired or unfired vessels used for maintenance or service of the described premises but not used for processing or manufacturing;
  - (e) Steam boiler piping, valves, fittings, traps and separators, but only if they:
    - (i) Are on your premises or between parts of your premises;
    - (ii) Contain steam or condensate of steam; and
    - (iii) Are not part of any other vessel or apparatus;
  - (f) Feed water piping between any steam boiler and a feed pump or injector.
- (2) Air Conditioning Units - Any air conditioning unit that has a capacity of 60,000 Btu or more, including:
- (a) Inductors, convectors and coils that make use of a refrigerant and form part of a cooling, humidity control or space heating system;
  - (b) Interconnecting piping, valves and fittings contained only a refrigerant, water, brine or other solution;
  - (c) Vessels heated directly or indirectly that:
    - (i) Form part of an absorption type system; and
    - (ii) Function as a generator, regenerator or concentrator;
  - (d) Compressors, pumps, fans and blowers used solely with the system together with their driving electric motors; and
  - (e) Control equipment used solely with the system.

- e. Object does not mean:
  - (1) As Boiler and Pressure Vessels:
    - (a) Equipment that is not under internal vacuum or internal pressure other than weight of contents;
    - (b) Boiler settings;
    - (c) Insulating or refractory material; or
    - (d) Electrical, reciprocating or rotating apparatus within or forming a part of the boiler or vessel.
  - (2) As Air Conditioning Units, any:
    - (a) Vessel, cooling tower, reservoir or other source of cooling water for a condenser or compressor, or any water piping leading to or from that source; or
    - (b) Wiring or piping leading to or from the unit.
- f. We will not pay for an Accident to any Object while being tested.

**g. Suspension**

Whenever an Object 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 Object. This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the Object is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

**H. Property Definitions**

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

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



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2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
4. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
5. "Manager" means a person serving in a directorial capacity for a limited liability company.
6. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
7. "Money" means:
- a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
8. "Operations" means your business activities occurring at the described premises.
9. "Period of restoration":
- a. Means the period of time that:
    - (1) Begins:
      - (a) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
      - (b) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;
 caused by or resulting from any Covered Cause of Loss at the described premises; and
    - (2) Ends on the earlier of:
      - (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
      - (b) The date when business is resumed at a new permanent location.
  - b. Does not include any increased period required due to the enforcement of any ordinance or law that:
    - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
    - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".
10. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
11. "Securities" means negotiable and 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. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
12. "Specified causes of loss" means the following:
- Fire, lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.

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

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

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

13. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

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

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

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

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

## SECTION II - LIABILITY

### A. Coverages

#### 1. Business Liability

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

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

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

b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:
  - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
  - (b) The "bodily injury" or "property damage" occurs during the policy period; and
  - (c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.
- (2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.



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

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

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

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

**f. Coverage Extension - Supplementary Payments**

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

- (a) All expenses we incur.
- (b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.

(c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.

(d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.

(e) All costs taxed against the insured in the "suit".

(f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

(g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the limit of liability.

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

(a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

(b) This insurance applies to such liability assumed by the insured;

(c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract",

(d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee:

(e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

(f) The indemnitee:

(i) Agrees in writing to:

i. Cooperate with us in the investigation, settlement or defense of the "suit";

ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

iii. Notify any other insurer whose coverage is available to the indemnitee; and

iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(ii) Provides us with written authorization to:

i. Obtain records and other information related to the "suit"; and

ii. Conduct and control the defense of the indemnitee in such "suit".

(3) So long as the conditions in Paragraph (2) are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **B.1.b.(2)** Exclusions in Section II - Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

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

(a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or

(b) The conditions set forth above, or the terms of the agreement described in Paragraph (2)(f) above are no longer met.

## 2. Medical Expenses

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations;

provided that:

(a) The accident takes place in the "coverage territory" and during the policy period;

(b) The expenses are incurred and reported to us within one year of the date of the accident; and

(c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the Limits of Insurance of Section II - Liability. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

## B. Exclusions

### 1. Applicable To Business Liability Coverage

This insurance does not apply to:

#### a. Expected Or Intended Injury

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

#### b. Contractual Liability

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

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

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

#### c. Liquor Liability

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

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

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

#### d. Workers' Compensation And Similar Laws

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

#### e. Employer's Liability

"Bodily Injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
  - (a) Employment by the insured; or
  - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

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



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

**f. Pollution**

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

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

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

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

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

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other oper-



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ating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

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

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

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

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

**g. Aircraft, Auto Or Watercraft**

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

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

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 51 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

(a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or

(b) The operation of any of the following machinery or equipment:

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

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

#### h. Mobile Equipment

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

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

#### i. War

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

(1) War, including undeclared civil war;

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

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

#### j. Professional Services

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

(1) Legal, accounting or advertising services;

(2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;

(3) Supervisory, inspection or engineering services;

(4) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;

(5) Any health or therapeutic service treatment, advice or instruction;

(6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

(7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

(8) Body piercing services; and

(9) Services in the practice of pharmacy.



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**k. Damage To Property**

"Property damage" to:

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

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Paragraph D. Liability And Medical Expenses Limit Of Insurance in Section II - Liability.

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

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

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

**l. Damage To Your Product**

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

**m. Damage To Your Work**

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

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

**n. Damage To Impaired Property Or Property Not Physically Injured**

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

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

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

**o. Recall Of Products, Work Or Impaired Property**

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

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

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

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p. **Personal And Advertising Injury**

"Personal and advertising injury":

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

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

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

- (9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
- (10) With respect to any loss, cost or expense arising out of any:
  - (a) Request, demand or order that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of, "pollutants"; or
  - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of, "pollutants".
- (11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control.
- (12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

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

q. **Electronic Data**

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

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

**r. Criminal Acts**

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

**s. Distribution Of Material In Violation Of Statutes**

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

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

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

**2. Applicable To Medical Expenses Coverage**

We will not pay expenses for "bodily injury":

- a. To any insured, except "volunteer workers".

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

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

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage":
  - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
  - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
    - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or

(b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

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

c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if:

(1) The "nuclear material":

- (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
- (b) Has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

d. As used in this exclusion:

- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (2) "Hazardous properties" include radioactive, toxic or explosive properties;

(3) "Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for:

(i) Separating the isotopes of uranium or plutonium;

(ii) Processing or utilizing "spent fuel"; or

(iii) Handling, processing or packaging "waste";

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

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

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

(4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";

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

(6) "Property damage" includes all forms of radioactive contamination of property;

(7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

(8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

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

(10) "Waste" means any waste material:

(a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and

(b) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs (a) and (b) of the definition of "nuclear facility".

### C. Who Is An Insured

1. If you are designated in the Declarations as:

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

2. Each of the following is also an insured:

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

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

(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

(b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above;

(c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (a) or (b); or

(d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

(a) Owned, occupied or used by,

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



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

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

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

#### **D. Liability And Medical Expenses Limits Of Insurance**

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

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

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

#### **4. Aggregate Limits**

The most we will pay for:

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

is twice the Liability and Medical Expenses limit.

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

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



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## **E. Liability And Medical Expenses General Conditions**

### **1. Bankruptcy**

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

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

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of this claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

## **3. Legal Action Against Us**

No person or organization has a right under this policy:

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

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

## **4. Separation Of Insureds**

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

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

## **F. Liability And Medical Expenses Definitions**

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means:

- a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

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

- 3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- 4. "Coverage territory" means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
    - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph a. above or in a settlement we agree to.
- 5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
- 7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
- 8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

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

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing;



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- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
- (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above and supervisory, inspection or engineering services.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
11. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
  - b. While it is in or on an aircraft, watercraft or "auto"; or
  - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
  - b. Vehicles maintained for use solely on or next to premises you own or rent;
  - c. Vehicles that travel on crawler treads;
  - d. Vehicles, whether self-propelled or not, on which are permanently mounted:
    - (1) Power cranes, shovels, loaders, diggers or drills; or
    - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
  - e. Vehicles not described in Paragraphs a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
    - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
    - (2) Cherry pickers and similar devices used to raise or lower workers;
  - f. Vehicles not described in Paragraphs a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
    - (1) Equipment designed primarily for:
      - (a) Snow removal;
      - (b) Road maintenance, but not construction or resurfacing; or
      - (c) Street cleaning;
    - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
    - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

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

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
16. "Products - completed operations hazard":
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
    - (1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

- (a) When all of the work called for in your contract has been completed.
- (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
- (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

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

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

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

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

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

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

- 18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
  - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
  - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
- 19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- 20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
- 21. "Your product":
  - a. Means:
    - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
      - (a) You;
      - (b) Others trading under your name; or
      - (c) A person or organization whose business or assets you have acquired; and
    - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

- b. Includes:
  - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
  - (2) The providing of or failure to provide warnings or instructions.
- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

**22. "Your work":**

- a. Means:
  - (1) Work or operations performed by you or on your behalf; and
  - (2) Materials, parts or equipment furnished in connection with such work or operations.
- b. Includes:
  - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
  - (2) The providing of or failure to provide warnings or instructions.

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

**A. Cancellation**

- 1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- 2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy;
    - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
      - (a) Seasonal unoccupancy; or
      - (b) Buildings in the course of construction, renovation or addition.

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

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

- (a) Have not started, and
- (b) Have not been contracted for,

within 30 days of initial payment of loss.

- (3) The building has:

- (a) An outstanding order to vacate;
- (b) An outstanding demolition order; or
- (c) Been declared unsafe by governmental authority.

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

- (5) Failure to:

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

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

- b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
  - c. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

#### **B. Changes**

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

#### **C. Concealment, Misrepresentation Or Fraud**

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

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

#### **D. Examination Of Your Books And Records**

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

#### **E. Inspections And Surveys**

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



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

**F. Insurance Under Two Or More Coverages**

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

**G. Liberalization**

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

**H. Other Insurance**

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance of **Section I - Property**.
2. Business Liability Coverage is excess over:
  - a. Any other insurance that insures for direct physical loss or damage; or
  - b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.
3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so; but we will be entitled to the insured's rights against all those other insurers.

**I. Premiums**

1. The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and

- b. Will be the payee for any return premiums we pay.

2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
  - a. Paid to us prior to the anniversary date; and
  - b. Determined in accordance with Paragraph 2. above.

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

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

**J. Premium Audit**

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

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**K. Transfer Of Rights Of Recovery Against Others To Us**

**1. Applicable to Businessowners Property Coverage:**

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

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

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

This will not restrict your insurance.

**2. Applicable to Businessowners Liability Coverage:**

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

**L. Transfer Of Your Rights And Duties Under This Policy**

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

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## WATER EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

A. The exclusion in Paragraph B. replaces the Water Exclusion under Section I - Property.

**B. Water**

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

5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph 1., 3. or 4., or material carried or otherwise moved by mudslide or mudflow. This exclusion applies regardless of whether any of the above, in Paragraphs 1. through 5., is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## FLORIDA CHANGES

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

**A. Section I - Property** is amended as follows:

1. The following provisions are added to Paragraph **E.3. Duties In The Event Of Loss Or Damage** Property Loss Condition:

- a. A claim, supplemental claim or reopened claim for loss or damage caused by hurricane or other windstorm is barred unless notice of claim is given to us in accordance with the terms of this Policy within three years after the hurricane first made landfall or a windstorm other than hurricane caused the covered damage. (Supplemental claim or reopened claim means an additional claim for recovery from us for losses from the same hurricane or other windstorm which we have previously adjusted pursuant to the initial claim.)

This provision concerning time for submission of claim, supplemental claim or reopened claim does not affect any limitation for legal action against us as provided in this Policy under the Legal Action Against Us Condition including any amendment to that condition.

- b. Any inspection or survey by us, or on our behalf, of property that is the subject of a claim, will be conducted with at least 48 hours' notice to you. The 48-hour notice may be waived by you.

2. Paragraph **E.4.b. Legal Action Against Us** Property Loss Condition is replaced by the following:

- b. Legal action against us involving direct physical loss or damage to property must be brought within five years from the date the loss occurs.

3. Paragraph **E.5.g. Loss Payment** Property Loss Condition is replaced by the following:

- g. Provided you have complied with all the terms of this Policy, we will pay for covered loss or damage upon the earliest of the following:

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

Paragraph (3) applies only to the following:

- (a) A claim under a policy covering residential property;
- (b) A claim for building or contents coverage if the insured structure is 10,000 square feet or less and the Policy covers only locations in Florida; or
- (c) A claim for contents coverage under a tenant's policy if the rented premises are 10,000 square feet or less and the Policy covers only locations in Florida.



#### 4. Sinkhole Collapse Coverage Removed

Throughout the Policy, Sinkhole Collapse is deleted from the "specified causes of loss" and is no longer an exception to the Earth Movement Exclusion. Catastrophic Ground Cover Collapse is added instead as set forth in Paragraph A.6. of this Endorsement.

Further, this Policy does not insure against Sinkhole Loss as defined in Florida law unless an endorsement for Sinkhole Loss is made part of this Policy. However, if Sinkhole Loss causes Catastrophic Ground Cover Collapse, coverage is provided for the resulting Catastrophic Ground Cover Collapse even if an endorsement for Sinkhole Loss is not made part of this Policy.

#### 5. If windstorm is a Covered Cause of Loss, and Covered Property is located in:

- a. Monroe County; or
- b. East of the west bank of the Intracoastal Waterway in:
  - (1) Broward County;
  - (2) Dade County;
  - (3) Indian River County;
  - (4) Martin County;
  - (5) Palm Beach County; or
  - (6) St. Lucie County;

the following applies:

If loss or damage to Covered Property is caused by or results from windstorm, the following exclusion applies:

#### Windstorm Exterior Paint Or Waterproofing Exclusion

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

- a. Paint; or
- b. Waterproofing material;

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

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

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

#### 6. The following is added to this Policy as a Covered Cause of Loss and as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage - Collapse.

#### Catastrophic Ground Cover Collapse

We will pay for direct physical loss or damage to Covered Property caused by or resulting from catastrophic ground cover collapse, meaning geological activity that results in all of the following:

- a. The abrupt collapse of the ground cover;
- b. A depression in the ground cover clearly visible to the naked eye;
- c. "Structural damage" to the building, including the foundation; and
- d. The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

However, damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute loss or damage resulting from a catastrophic ground cover collapse.

The Earth Movement Exclusion and the Collapse Exclusion do not apply to coverage for Catastrophic Ground Cover Collapse.

Coverage for Catastrophic Ground Cover Collapse does not increase the applicable Limit of Insurance. Regardless of whether loss or damage attributable to catastrophic ground cover collapse also qualifies as Sinkhole Loss or Earthquake (if either or both of those causes of loss are covered under this Policy), only one Limit of Insurance will apply to such loss or damage.

7. For the purposes of this Endorsement, the following is added to the **Definitions** in **Section I - Property**:

"Structural damage" means a covered building, regardless of the date of its construction, has experienced the following:

- a. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;
- b. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the primary structural members or primary structural systems that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those primary structural members or primary structural systems exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
- c. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical primary structural members to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
- d. Damage that results in the building, or any portion of the building containing primary structural members or primary structural systems, being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or

- e. Damage occurring on or after October 15, 2005, that qualifies as "substantial structural damage" as defined in the Florida Building Code.

**B. Section III - Common Policy Conditions** is amended as follows:

1. Paragraph **A.2. Cancellation** is replaced by the following:
2. **Cancellation For Policies In Effect 90 Days Or Less**
  - a. If this Policy has been in effect for 90 days or less, we may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the specific 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 underwriting requirements established by the insurer.
  - b. We may not cancel:
    - (1) On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
    - (2) Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.



2. Paragraph **A.5. Cancellation** is replaced by the following:

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. If the return premium is not refunded with the notice of cancellation or when this Policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy.

If this is an audit policy, then, subject to your full cooperation with us or our agent in securing the necessary data for audit, we will return any premium refund due within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we shall accept your own audit, and any premium refund due shall be mailed within 10 working days of receipt of your audit.

The cancellation will be effective even if we have not made or offered a refund.

3. The following is added to Paragraph **A. Cancellation**:

**7. Cancellation For Policies In Effect For More Than 90 Days**

a. If this Policy has been in effect for more than 90 days, we may cancel this Policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The Policy was obtained by a material misstatement;
- (3) In the event of failure to comply, within 90 days after the effective date of coverage, with underwriting requirements established by us before the effective date of coverage;
- (4) There has been a substantial change in the risk covered by the Policy;
- (5) The cancellation is for all insureds under such policies for a given class of insureds;

(6) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;

(7) On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property; or

(8) The cancellation of some or all of our policies is necessary to protect the best interests of the public or policyholders and such cancellation is approved by the Florida Office of Insurance Regulation.

b. If we cancel this Policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

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

(2) 45 days before the effective date of cancellation if:

(a) Cancellation is for one or more of the reasons stated in Paragraphs **7.a.(2)** through **7.a.(7)** above and this Policy does not cover a residential structure or its contents; or

(b) Cancellation is based on the reason stated in Paragraph **7.a.(8)** above.

(3) 120 days before the effective date of cancellation if:

(a) Cancellation is for one or more of the reasons stated in Paragraphs 7.a.(2) through 7.a.(7) above; and

(b) This Policy covers a residential structure or its contents.

c. If this Policy has been in effect for more than 90 days and covers a residential structure or its contents, we may not cancel this Policy based on credit information available in public records.

4. The following paragraphs are added:

**M. 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 specific reason for nonrenewal, at least:

a. 45 days prior to the expiration of the Policy if this Policy does not cover a residential structure or its contents, or if nonrenewal is for the reason stated in Paragraph M.5.; or

b. 120 days prior to the expiration of the Policy if this Policy covers a residential structure or its contents.

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

3. We may not refuse to renew this Policy:

a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or

b. On the basis of filing of claims for sinkhole loss. However, we may refuse to renew this Policy if:

(1) The total of such property insurance claim payments for this Policy equals or exceeds the policy limits in effect on the date of loss for property damage to the covered building; or

(2) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.

c. Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

4. Notwithstanding the provisions of Paragraph B.4.M.3., we may refuse to renew this Policy if this Policy includes Sinkhole Loss Coverage. If we nonrenew this Policy for purposes of removing Sinkhole Loss Coverage, pursuant to section 627.706, Florida Statutes, we will offer you a policy that includes catastrophic ground cover collapse coverage.

5. Notwithstanding the provisions of Paragraph B.4.M.3., we may refuse to renew this Policy if nonrenewal of some or all of our policies is necessary to protect the best interests of the public or policyholders and such nonrenewal is approved by the Florida Office of Insurance Regulation.



**N. Limitations On Cancellation And Nonrenewal In The Event Of Hurricane Or Wind Loss - Residential Property**

1. The following provisions apply to a policy covering a residential structure or its contents, if such property has sustained damage as a result of a hurricane or windstorm that is the subject of a declaration of emergency by the Governor and filing of an order by the Commissioner of Insurance Regulation:

a. Except as provided in Paragraph **N.1.b.**, we may not cancel or nonrenew the Policy until at least 90 days after repairs to the residential structure or its contents have been substantially completed so that it is restored to the extent that it is insurable by another insurer writing policies in Florida. If we elect to not renew the Policy, we will provide at least 100 days' notice that we intend to nonrenew 90 days after the substantial completion of repairs.

b. We may cancel or nonrenew the Policy prior to restoration of the structure or its contents for any of the following reasons:

- (1) Nonpayment of premium;
- (2) Material misstatement or fraud related to the claim;

(3) We determine that you have unreasonably caused a delay in the repair of the structure; or

(4) We have paid the policy limits.

If we cancel or nonrenew for nonpayment of premium, we will give you 10 days' notice. If we cancel or nonrenew for a reason listed in Paragraph **b.(2)**, **b.(3)** or **b.(4)**, we will give you 45 days' notice.

2. With respect to a policy covering a residential structure or its contents, any cancellation or nonrenewal that would otherwise take effect during the duration of a hurricane will not take effect until the end of the duration of such hurricane, unless a replacement policy has been obtained and is in effect for a claim occurring during the duration of the hurricane. We may collect premium for the period of time for which the policy period is extended.

3. With respect to Paragraph **N.2.**, a hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). The hurricane occurrence begins at the time a hurricane watch or hurricane warning is issued for any part of Florida by the NHC and ends 72 hours after the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the NHC.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**FLORIDA - SINKHOLE LOSS COVERAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**SCHEDULE**

Premises Number	Building Number
28347 Paseo Dr Ste 110  Wesley Chapel FL 33543-5424	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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

A. The following is added to this policy as a Covered Cause of Loss and as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage - Collapse.

**Sinkhole Loss**, meaning loss or damage to Covered Property when "structural damage" to the covered building, including the foundation, is caused by settlement or systematic weakening of the earth supporting the covered building, only if the settlement or systematic weakening results from contemporaneous movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone or similar rock formation.

Coverage for Sinkhole Loss includes stabilization of the building (including land stabilization) and repair to the foundation provided such work is in accordance with the requirements of Florida Insurance Law and in accordance with the recommendation of a professional engineer and with notice to you. The professional engineer must be selected or approved by us. However, until you enter into a contract for performance of building stabilization or foundation repair in accordance with the recommendations of the professional engineer as set forth in a report from us:

1. We will not pay for underpinning or grouting or any other repair technique performed below the existing foundation of the building; and
2. Our payment for Sinkhole Loss to Covered Property may be limited to the actual cash value of the loss to such property.

You must enter into a contract for the performance of building stabilization and/or foundation repair in accordance with the aforementioned recommendations, within 90 days after we notify you that there is coverage for your sinkhole loss. After you have entered into such contract, we will pay the amounts necessary to begin and perform such repairs as the work is performed and the expenses are incurred.

However, if the professional engineer determines, prior to your entering into the aforementioned contract or prior to the start of repair work, that the repairs will exceed the applicable Limit of Insurance, we must either complete the recommended repairs or pay that Limit of Insurance upon such determination. If the aforementioned determination is made during the course of repair work and we have begun making payments for the work performed, we must either complete the recommended repairs or pay only the remaining portion of the applicable Limit of Insurance upon such determination. The most we



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will pay for the total of all Sinkhole Loss, including building and land stabilization and foundation repair, is the applicable Limit of Insurance on the affected building.

The stabilization and all other repairs to the Covered Property must be completed with 12 months after entering into the contract for the performance of these repairs, unless:

1. There is a mutual agreement between you and us;
2. The claim is involved with the neutral evaluation process;
3. The claim is in litigation; or
4. The claim is under appraisal or mediation.

**B.** Sinkhole Loss does not include:

1. Sinking or collapse of land into man-made underground cavities; or
2. Earthquake.

**C.** With respect to coverage provided by this endorsement, the **Earth Movement** Exclusion and the **Collapse** Exclusion do not apply.

**D.** With respect to a claim for alleged Sinkhole Loss, the following provision is added:

Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for land stabilization and repair of property, or if we deny your claim, we will notify you of your right to participate in a neutral evaluation program administered by the Florida Department of Financial Services (hereinafter referred to as the Department). For alleged Sinkhole Loss to commercial residential properties, this program applies instead of any mediation procedure set forth elsewhere in this policy, but does not invalidate the Appraisal Condition.

You or we may file a request with the Department for neutral evaluation; the other party must comply with such request. We will pay reasonable costs associated with the neutral evaluation, regardless of which party makes the request. But, if a party chooses to hire a court reporter or stenographer to contemporaneously record and document the neutral evaluation, that party must bear the costs of those services. The neutral evaluator will be selected from a list maintained by the Department. The recommendation of the neutral evaluator will not be binding on you or us.

Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Legal Action Against Us Condition in this policy; except that the time for filing suit is extended

for a period of 60 days following the conclusion of the neutral evaluation process or five years, whichever is later.

**E.** Coverage for Sinkhole Loss under this endorsement does not increase the applicable Limit of Insurance. Even if loss or damage qualifies under, or includes, both Catastrophic Ground Cover Collapse (addressed elsewhere in this policy) and Sinkhole Loss, only one Limit of Insurance will apply to such loss or damage.

**F.** The following provision is added to the **Section I - Duties In The Event Of Loss Or Damage** Property Loss Condition:

A claim for Sinkhole Loss, including but not limited to initial, supplemental and reopened claims is barred unless notice of claim is provided to us in accordance with the terms of this policy within two years after you knew or reasonably should have known about the Sinkhole Loss.

**G.** For the purposes of this endorsement, the following is added to the **Definitions** in Section I - Property:

1. "Structural damage" means a covered building, regardless of the date of its construction, has experienced the following:
  - a. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represents a safety hazard as defined within the Florida Building Code;
  - b. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the "primary structural members" or "primary structural systems" that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those "primary structural members" or "primary structural systems" exceeds one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;

c. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical "primary structural members" to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;

d. Damage that results in the building, or any portion of the building containing "primary structural members" or "primary structural systems", being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the shear plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or

e. Damage occurring on or after October 15, 2005, that qualifies as "substantial structural damage" as defined in the Florida Building Code.

2. "Primary structural member" means a structural element designed to provide support and stability for the vertical or lateral loads of the overall structure.
3. "Primary structural system" means an assemblage of "primary structural members".

H. If we deny your claim for Sinkhole Loss without performing testing under section 627.7072, Florida Statutes, you may demand testing by communicating such demand to us in writing within 60 days after you receive our denial of the claim. You are responsible for 50% of the testing costs, or \$2,500, whichever is less. If our professional engineer or geologist provides written certification, pursuant to section 627.7073, that there is sinkhole loss, we will reimburse you for the testing costs.

I. You may not accept a rebate from any person performing repairs for Sinkhole Loss covered under this endorsement. If you receive a rebate, coverage under this endorsement is void and you must refund the amount of the rebate to us.

J. If we deny your claim for Sinkhole Loss upon receipt of written certification from a professional engineer or geologist, pursuant to section 627.7073, that there is no sinkhole loss or that the cause of the damage was not sinkhole activity, and if the sinkhole claim was submitted without good faith grounds for submitting such claim, you shall reimburse us for 50% of the actual costs of the analyses and services provided under sections 627.7072 and 627.7073, or \$2,500, whichever is less. You are not required to pay such reimbursement unless you requested the analysis and services and we, before ordering the analysis, informed you in writing of the potential for reimbursement and gave you the opportunity to withdraw the claim.

K. As a precondition to accepting payment for sinkhole loss, you must file with the county clerk of court, a copy of any sinkhole report regarding your property which was prepared on behalf or at your request. You will bear the cost of filing and recording the sinkhole report.



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

**WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**SCHEDULE\***

**Premises  
Number**

**Windstorm or Hail  
Deductible Percentage  
(Enter 1%, 2% Or 5%)**

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

The following provisions apply to **Section I - Property:**

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

With respect to Covered Property at a premises identified in the Schedule, no other deductible applies to Windstorm or Hail.

The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

**WINDSTORM OR HAIL DEDUCTIBLE CLAUSE**

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

1. Each building, if two or more buildings sustain loss or damage;
2. The building and to personal property in that building, if both sustain loss or damage;
3. Personal property at each building, if personal property at two or more buildings sustains loss or damage; and

**4. Personal property in the open.**

We will not pay for loss or damage until the amount of loss or damage exceeds the Deductible. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit(s) of Insurance.

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

**EXAMPLE - APPLICATION OF DEDUCTIBLE:**

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

The actual Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the business personal property.

The Deductible is 2%.

**Building**

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

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

**Business Personal Property**

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

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

The most we will pay is \$97,120 (\$58,400 + \$38,720). The portion of the total loss that is not covered due to the application of the Deductible is \$2,880 (\$1,600 + \$1,280).

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## EMPLOYMENT - RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph B.  
**Exclusions in Section II - Liability:**

This insurance does not apply to:

1. "Bodily injury" or "personal and advertising injury" to:
  - a. A person arising out of any:
    - (1) Refusal to employ that person;
    - (2) Termination of that person's employment; or
    - (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

- b. The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (1), (2) or (3) above is directed.

2. This exclusion applies:

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

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

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**SCHEDULE**

The <b>Exception Covering Certain Fire Losses</b> (Paragraph <b>B.2.</b> ) applies to property located in the following state(s):				
<b>State(s)</b>				
California Georgia Illinois	Iowa Maine Missouri	New Jersey New York North Carolina	Oregon Rhode Island Washington	West Virginia Wisconsin
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

- A.** The following provisions are added to the Businessowners Policy and apply to Property and Liability Coverages:
- 1.** 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:

    - a.** The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
    - b.** The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
  - 2.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.
- B.** The following provisions are added to Businessowners Standard Property Coverage Form **BP 00 01**, Businessowners Special Property Coverage Form **BP 00 02** or **Section I - Property** of Businessowners Coverage Form **BP 00 03**:
- 1.** 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.

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**2. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph B.1. 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 Additional Coverages.

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.

**C. The following provision is added to the Businessowners Liability Coverage Form BP 00 06 and Section II - Liability of the Businessowners Coverage Form BP 00 03:**

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

This insurance does not apply to:

**TERRORISM**

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism".

**2. The following definition is added:**

For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## FUNGI OR BACTERIA EXCLUSION (LIABILITY)

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II - Liability**:

**A.** The following exclusion is added to Paragraph **B.1., Exclusions - Applicable To Business Liability Coverage**:

**t. Fungi or Bacteria**

(1) "Bodily injury", "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

(2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

**B.** The following definition is added to Paragraph **F. Liability And Medical Expenses Definitions**:

1. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.



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## EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

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- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under **Section I - Property** in all forms and endorsements that comprise this Businessowners Policy, except as provided in Paragraph **C.** This includes but is not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- C.** However, the exclusion in Paragraph **B.** does not apply to the following:
1. Loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Businessowners Policy; or
  2. Coverage otherwise provided under Food Contamination Endorsement **BP 04 31** (if that endorsement is attached to this Businessowners Policy); or
  3. Coverage otherwise provided under the Food Contamination Additional Coverage in Restaurants Endorsement **BP 07 78** (if that endorsement is attached to this Businessowners Policy).
- D.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- E.** The following provisions in this Businessowners Policy are hereby amended to remove reference to bacteria:
1. Exclusion of "Fungi", Wet Rot, Dry Rot And Bacteria; and
  2. Additional Coverage - Limited Coverage For "Fungi", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- F.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Business-owners Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION - ACCESS OR DISCLOSURE OF  
CONFIDENTIAL OR PERSONAL INFORMATION AND  
DATA-RELATED LIABILITY - WITH LIMITED  
BODILY INJURY EXCEPTION**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

- A. Exclusion B.1.q. of Section II - Liability** is replaced by the following:

This insurance does not apply to:

**q. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

- (1) Damages, other than damages because of "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data

processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

- B. The following is added to Paragraph B.1.p. Personal And Advertising Injury Exclusion of Section II - Liability:**

This insurance does not apply to:

**p. Personal And Advertising Injury**

"Personal and advertising injury":

Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

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## RESTAURANT AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under The following:

BUSINESSOWNERS COVERAGE FORM

**Section I - Property** is amended as follows:

**A. Covered Property Revision.**

Section 1. Covered Property under A. COVERAGE is revised as follows:

1. Item (3) under subsection a. Buildings does not include "restaurant equipment";
2. Item (5)(d) under subsection a. Buildings is deleted; and
3. Subsection b. Business Personal Property is revised to include the following:
  - (6) "Restaurant equipment" owned by you and used in your business.
  - (7) "Restaurant equipment" of others that is in your care, custody or control.

**B. The following definition is added to H. PROPERTY DEFINITIONS:**

**"Restaurant Equipment"**, whether or not it is attached to the building or structure, means kitchen machinery and equipment, including appliances used for refrigerating, ventilating, cooking, fire suppression on cooking equipment, dish washing or laundering, dining area furniture and fixtures (including work benches, tables and chairs, customer service counter and associated equipment) and decor package (including dining area items creating atmosphere).

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## AMENDMENT OF POLLUTION EXCLUSION (PREMISES)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

1. The following exception is added to Exclusion B.1.f. Pollution in Section II - Liability:

Subparagraph (a) of Paragraph (1) does not apply to "bodily injury" or to "property damage" to tangible property arising out of the actual discharge, dispersal, seepage, migration, release or escape of "pollutants" if the actual discharge, dispersal, seepage, migration, release or escape:

- (a) begins on a clearly identifiable specific day during the policy period and ends in its entirety not later than seventy-two (72) hours thereafter;
- (b) is discovered and reported to us within fifteen (15) days of the specific day it begins;
- (c) is neither expected nor intended from the standpoint of any insured;
- (d) is unrelated to any previous discharge, dispersal, seepage, migration, release or escape; and
- (e) does not originate at or from a storage tank or other container, duct or piping which is below the surface of the ground or water or which at any time has been buried under the surface of the ground or water and then is subsequently exposed by erosion, excavation or any other means.

Tangible property, as used in this endorsement, does not include land or water, which is below ground level or not.

Coverage provided hereunder does not apply to any discharge, dispersal, seepage, migration, release or escape that is merely threatened or alleged rather than shown to have actually occurred.

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## BUSINESSOWNERS FOOD CONTAMINATION COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

Section I - Property is amended as follows:

A. The following are added to Section A.5. Additional Coverages:

**1. Accidental Contamination To Food Coverage**

We will pay for the loss or damage to Business Personal Property at locations described in the Declarations caused by or resulting from contamination, which means loss or damage to food or its ingredients caused by a foreign substance accidentally entering or coming into contact with the food or its ingredients.

Contamination does not include the wrongful addition or omission of ingredients or substances as part of the production process; nor improper processing or preparation.

The most we will pay for this Additional Coverage is \$10,000.

**2. Food Contamination Shutdown Coverage**

If the Board of Health or other government body orders your premises closed because of the discovery, or suspicion of "food contamination", coverage is provided as described below at the location(s) described in the Declarations.

a. We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations".

For the purposes of this endorsement, Business Income has the same meaning given in Additional Coverage f. Business Income.

The most we will pay for this Business Income coverage is \$50,000.

b. We will also pay:

(1) Your cost to clean your equipment per local Board of Health requirements;

(2) Your cost to replace consumable goods declared contaminated by the local Board of Health;

(3) Your expense to provide necessary medical tests or vaccinations for your employees (including temporary or leased employees) who are potentially infected by the "food contamination". However, we will not pay for any expense that is otherwise covered under a Workers' Compensation policy; and

(4) Reimbursement you paid to infected patrons for doctors' care, hospitalization and necessary blood work.

The most we will pay for this coverage is \$10,000.

B. With respect to Food Contamination Shutdown Coverage, the following are added to Paragraph B.1. Exclusions:

We will not pay for loss caused directly or indirectly by any of the following, such loss is excluded regardless of any other cause or events that contributes concurrently or in any sequence to the loss:

1. Fines or penalties of any kind;

2. Seizure or destruction of property by order of governmental authority; and

3. Any increase of loss caused by or resulting from delay in resuming "operations" due to interference by strikers or other persons.



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C. With respect to this endorsement, the following is added to Section **H. Property Definitions**:

"Food contamination" means an outbreak of food poisoning or food-related illness of one or more persons arising out of:

1. Tainted food you distributed or purchased;
2. Food which has been improperly processed, stored, handled or prepared in the course of your business operations; or
3. Food which has been contaminated by virus or bacteria transmitted through one or more of your employees, including temporary or leased employees.

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## BUSINESSOWNERS LIABILITY EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

<u>SUBJECT</u>	<u>PAGE</u>
AGGREGATE LIMITS OF INSURANCE	3
AMENDMENT OF INSURED CONTRACT DEFINITION	4
BLANKET ADDITIONAL INSURED (OWNERS, CONTRACTORS OR LESSORS)	2
BODILY INJURY	4
BROADENED COVERAGE FOR DAMAGE TO PREMISES RENTED TO YOU	2
DUTIES IN THE EVENT OF OCCURRENCE, OFFENSE, CLAIM OR SUIT	4
INCIDENTAL MEDICAL MALPRACTICE	2
MOBILE EQUIPMENT	2
NEWLY FORMED OR ACQUIRED ORGANIZATIONS	3
PERSONAL AND ADVERTISING INJURY	4
SUPPLEMENTARY PAYMENTS	2
Bail Bonds	
Loss Of Earnings	

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Section II - Liability is amended as follows:

#### I. SUPPLEMENTARY PAYMENTS

Paragraph **f.(1)(b)** of **A Coverages** is replaced by the following;

(b) Up to \$3000 for cost of bail bond required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish the bonds.

Paragraph **1.f.(1)(d)** of **A Coverages** is replaced by the following;

(d) All reasonable expenses incurred by the insured at our request to assist us in the Investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

#### II. BROADENED COVERAGE FOR DAMAGE TO PREMISES RENTED TO YOU

With respect to the coverage provided under this endorsement, **Section II - Liability** is amended as follows:

1. The final paragraph of **B.1. Exclusions - Applicable To Business Liability Coverage** is deleted and replaced by the following:

With respect to the premises which are rented to you or temporarily occupied by you with the permission of the owner, Exclusions **c., d., e., g., h., k., l., m., n.** and **o.** do not apply to "property damage".

2. Paragraph **D.2. Liability And Medical Expenses Limits Of Insurance** is deleted and replaced by the following:

The most we will pay under this endorsement for the sum of all damages because of all "property damage" to premises while rented to you or temporarily occupied by you with the permission of the owner is the Limit of Insurance shown in the Declaration.

3. Paragraph **D.3. Liability And Medical Expenses Limits Of Insurance** is deleted.

#### III. INCIDENTAL MEDICAL MALPRACTICE

Exclusion **1.j.(4)** does not apply to Incidental Medical Malpractice Injury coverage.

The following is added to **F. LIABILITY AND MEDICAL EXPENSES DEFINITIONS**:

**23. "Incidental Medical Malpractice Injury"** means bodily injury arising out of the rendering of or failure to render, during the policy period, the following services:

- a. medical, surgical, dental, x-ray or nursing service or treatment or the furnishing of food or beverages in connection therewith; or
- b. the furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.

This coverage does not apply to:

1. expenses incurred by the insured for first-aid to others at the time of an accident and the **Duties in the Event of Occurrence, Claim or Suit** Condition is amended accordingly;
2. any insured engaged in the business or occupation of providing any of the services described under **a.** and **b.** above;
3. injury caused by any indemnitee if such indemnitee is engaged in the business or occupation of providing any of the services described under **a.** and **b.** above.

#### IV. MOBILE EQUIPMENT

1. Section **C. Who is An Insured** is amended to include any person driving "mobile equipment" with your permission.

#### V. BLANKET ADDITIONAL INSURED (OWNERS, CONTRACTORS OR LESSORS)

1. Section **C. Who Is An Insured** is amended to include as an insured any person or organization whom you are required to name as an additional insured on this policy under a written contract or written agreement. The written contract or agreement must be:

- a. currently in effect or becoming effective during the term of this policy; and
- b. executed prior to the "bodily injury", "property damage", "personal and advertising injury".



2. The insurance provided the additional insured is limited as follows:
- a. The person or organization is only an additional insured with respect to liability arising out of
    - (1) Real property, as described in a written contract or written agreement, you own, rent, lease, maintain or occupy;
    - (2) Caused in whole or in part by your ongoing operations performed for that insured.
  - b. The limits of insurance applicable to the additional insured are those specified in the written contract or written agreement or the limits available under this policy, as stated in the Declarations, whichever are less. These limits are inclusive of and not in addition to the limits of insurance available under this policy.
  - c. The insurance provided the additional insured does not apply to:
    - (1) Liability arising out of the sole negligence of the additional insured;
    - (2) "Bodily injury", "property damage", "personal and advertising injury"; or defense coverage under the Supplementary Payments section of the policy arising out of an architect's, engineer's or surveyor's rendering of or failure to render any professional services including:
      - (a) The preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; and
      - (b) Supervisory, inspection, architectural or engineering activities.
    - (3) Any "occurrence" that takes place after you cease to be a tenant in the premises described in the Declarations; or
    - (4) Structural alterations, new construction or demolition operations performed by or for the person or organization designated in the Declarations.
3. Any coverage provided hereunder shall be excess over any other valid and collectible insurance available to the additional insured whether primary, excess, contingent or on any other basis unless a contract specifically requires that this insurance be primary or you request that it apply on a primary basis.

## VI. NEWLY FORMED OR ACQUIRED ORGANIZATIONS

The following is added to **C. Who Is An Insured**:

3. Any business entity acquired by you or incorporated or organized by you under the laws of any individual state of the United States of America over which you maintain majority ownership interest exceeding fifty percent. Such acquired or newly formed organization will qualify as a Named Insured if there is no similar insurance available to that entity. However,
- a. Coverage under this provision is afforded only until the 180th day after the entity was acquired or incorporated or organized by you or the end of the policy period, whichever is earlier;
  - b. Coverages **A. Paragraph 1. Business Liability**, does not apply to:
    - (1) "Bodily injury" or "property damage" that occurred before the entity was acquired or incorporated or organized by you; and
    - (2) "Personal and advertising injury" arising out of an offense committed before the entity was acquired or incorporated or organized by you; and
  - c. Records and descriptions of operations must be maintained by the first Named Insured.

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

## VII. AGGREGATE LIMITS

The following is added to Aggregate Limits Paragraph **4.** of **D. Liability and Medical Expenses Limits of Insurance**:

The Aggregate Limits apply separately to each of "locations" owned by or rented to you or temporarily occupied by you with the permission of the owner.

The Aggregate Limits also apply separately to each of your projects away from premises owned by or rented to you.

For the purpose of this endorsement only, "location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.



## VIII. DUTIES IN THE EVENT OF OCCURRENCE, OFFENSE, CLAIM OR SUIT

1. The requirement in **E. Liability And Medical Expenses General Conditions** paragraph **2.a.** that you must see to it that we are notified of an "occurrence" or offense which may result in a claim applies only when the "occurrence" is known to any insured listed in Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim.
2. The requirements in **E. Liability And Medical Expenses General Conditions** paragraph **2.b.** that you must see to it that we receive notice of a claim or "suit" will not be considered breached unless the breach occurs after such claim or "suit" is known to any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim.

## IX. BODILY INJURY

Paragraph **3.** of **F. Liability And Medical Expenses Definitions** is replaced by the following:

3. "Bodily Injury" means:
  - a. Bodily injury, sickness, disease, or incidental medical malpractice injury sustained by a person, including death resulting from any of these at any time.

## X. AMENDMENT OF INSURED CONTRACT DEFINITION

Paragraph **9.** of **F. Liability And Medical Expenses Definitions** is replaced by the following:

9. "Insured contract" means:
  - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
  - b. A sidetrack agreement;
  - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
  - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - e. An elevator maintenance agreement;
  - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

## XI. PERSONAL AND ADVERTISING INJURY

Paragraph **14. b.** of **F. Liability And Medical Expenses Definitions** is replaced by the following:

- b. Malicious prosecution or abuse of process.

## SPOILAGE COVERAGE ENDORSEMENT

\* Schedule

Premises No.      Bldg. No.

Limit of Insurance

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

A. The following is added to paragraph A.5., Additional Coverages of Section I - Property of the Businessowners Coverage Form:

s. Spoilage Coverage

We will pay for direct physical loss or damage caused by spoilage to "perishable stock", at the described premises, if the spoilage is caused by one of the following:

(1) Breakdown or contamination, meaning:

(a) Change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, only while such apparatus or equipment is at the described premises; or

(b) Contamination by a refrigerant, only while the refrigerating apparatus or equipment is at a described premises.

Mechanical breakdown and mechanical failure do not mean power interruption, regardless of how or where the interruption is caused and whether or not the interruption is complete or partial.

(2) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power either on or off the described premises, due to conditions beyond your control.

B. The following is added to Paragraph A.2. Property Not Covered in Section I - Property of the Businessowners Coverage Form:

j. Property located:

(1) On buildings;

(2) In the open; or

(3) In vehicles.

C. Of the Exclusions contained in Paragraph B. in Section I - Property of the Businessowners Coverage Form, only the following apply to Spoilage Coverage:

(1) Paragraph B.1.b., Earth Movement;

(2) Paragraph B.1.c., Governmental Action;

(3) Paragraph B.1.d., Nuclear Hazard;

(4) Paragraph B.1.f., War and Military Action; and

(5) Paragraph B.1.g., Water.

D. In the event of loss or damage covered by this Additional Coverage we will determine the value of "perishable stock" as follows:

(1) For "perishable stock" you have sold but not delivered, at the selling price less discounts and expenses you otherwise would have had;

(2) For other "perishable stock", at actual cash value.

- E.** The most we will pay for covered direct physical loss or damage under this Additional Coverage in any one occurrence is:
- (1) \$10,000; or
  - (2) the Limit of Insurance shown in the Declarations or Schedule above: whichever is greater.
- F.** Coverage provided by this Additional Coverage is excess over any other insurance provided by this Policy covering the same loss or damage.
- G.** "Perishable stock", as used in this Additional Coverage, means property owned by you and used in your business or owned by others and in your care, custody or control that is:
- (1) Maintained under controlled temperature or humidity conditions for preservation; and
  - (2) Susceptible to loss or damage if the controlled temperature or humidity conditions change.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### EXCLUSION - ASBESTOS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section II - Liability is amended as follows:

This insurance does not apply to:

"Bodily injury", "property damage", or "personal and advertising injury" arising out of or related in any way to asbestos or asbestos -containing materials.

We shall not have the duty to defend any such claim or "suit".

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

**MEDICAL EXPENSE AT YOUR REQUEST ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS LIABILITY COVERAGE FORM**

Coverage 2. Medical Expenses in Section II - Liability is amended by the addition of the following:

Medical expenses will be paid only if an insured has requested that we pay such expenses.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section I - Property is amended as follows:

A. The following is added to Paragraph A.5 Additional Coverages:

### Equipment Breakdown Additional Coverages

1. We will pay for direct physical damage to Covered Property that is a direct result of an "accident" to "covered equipment".
2. 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. Coverage provided under this endorsement does not increase and is not in addition to any other Limit of Insurance.
3. The following coverages also apply to the direct result of an "accident". These coverages do not provide additional limits 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 replacement.

Reasonable extra cost shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

#### 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 expense to clean up or dispose of such property.

This does not include contamination of "perishable goods" by a refrigerant, including ammonia, which is addressed in 2.d 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 under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur is \$50,000.

#### c. Spoilage

We will pay for physical damage to "perishable goods" due to spoilage. The spoilage damage must be due to the lack of or excess of power, light, heat, steam or refrigeration caused by an "accident" to "covered equipment" covered by this policy.

We will also pay any necessary expense you incur to reduce the amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

Loss payment will be in accordance with Loss Payment provisions of the Property Loss Conditions of the policy. However, if you are unable to replace "perishable goods" before the anticipated sale date of such goods had no loss occurred, the amount of our payment will be determined on the basis of the sale price of "perishable goods" at the time of the "accident" less discounts and expenses you would normally incur.



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The most we will pay for loss, damage or expense under this coverage is \$50,000.

**d. Ammonia Contamination**

The physical damage to Covered Property due to the contamination from the release of ammonia, including any salvage expense.

The most we will pay for loss or damage under this coverage is \$50,000.

**f. Data Restoration**

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

The most we will pay for loss or expense under this coverage, including the actual loss of Business Income you sustain and necessary Extra Expense you incur is \$50,000.

**g. Service Interruption**

(1) Insurance provided for Business Income, Extra Expense and Spoilage is extended to apply to your loss, damage or expense caused by an "accident" to equipment that is owned, managed, or controlled by your landlord or landlord's utility, or utility or other supplier with whom you have a contract, that directly supplies 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 to the premises as described in the Declarations. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

(2) Service Interruption coverage will not apply unless the loss of or disruption of service exceeds 24 hours immediately following the "accident".

(3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage.

**B. The following is added to Paragraph B. Exclusions:**

**Equipment Breakdown Exclusions**

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

**1. The exclusions are modified as follows:**

**a. The following is added to B.1.g.(1) Water Exclusion:**

However, if electrical "covered equipment" requires drying out because of Water as described in B.1.g.(1) 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.

**b. As respects to this endorsement only, the next to the last Paragraph of B.1.h. Certain Computer-related Losses Exclusion is deleted and replaced with the following:**

However, if excluded loss or damage, as described in Paragraph (1) above results in an "accident", we will pay only for the loss, damage or expense caused by such "accident".

**c. As respects to this endorsement only, the last paragraph of B.2.i Other Types of Loss Exclusion is deleted and replaced with the following:**

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

**d. The following is added to B.2.m. Errors Or Omissions and B.2.n Installation, Testing, Repair Exclusions:**

We will also pay for direct physical loss or damage caused by an "accident".



2. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:
  - a. Any defect, programming error, programming limitation, computer virus, malicious code, loss of data, loss of access, loss of use, loss of functionality or other condition within or involving "electronic data" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense; or
  - b. Any of the following tests: a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
3. With respects 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 **D.1.c.** below); 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.
4. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
  - a. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or
  - b. Any increase in loss resulting from an agreement between you and your customer or supplier, including contract penalties.
5. We will not pay under this endorsement for any loss or damage to animals.

**C. The following are added to Paragraph F. Property General Conditions:**

**1. 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:

- (a) Your last known address; or
- (b) The address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by and endorsement for that "covered equipment". If we suspend your insurance, you will get a pro rata refund 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.

**2. 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.

**3. Environmental, Safety and Efficiency Improvements**

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

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

**D. The following are added to Paragraph H. Property Definitions:**

1. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment" that requires repair or replacement. The event must be one of the following:
  - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - b. Artificially generated electrical current, including electric arcing that damages electrical devices, appliances or wires;
  - 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 event inside such equipment, unless otherwise excluded; or
- e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any event inside such boilers or equipment, unless otherwise excluded.

An "accident" does not include the functioning of any safety or protective device, or any other condition, which can be corrected by resetting, tightening, adjusting, cleaning, or the performance of maintenance.

2. "Covered equipment"

a. "Covered equipment" means Covered Property:

- (1) That generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
- (2) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

b. None of the following is "covered equipment":

- (1) Structure, foundation, cabinet, compartment or air supported structure or building;
- (2) Insulating or refractory material;
- (3) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler system;
- (4) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (5) "Vehicle" or any equipment mounted on a "vehicle";
- (6) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (7) Dragline, excavation or construction equipment; or
- (8) Equipment manufactured by you for sale.

- 3. "Hazardous substance" means any substance that has been declared to be hazardous to health by any governmental agency.
- 4. "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".
- 5. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- 6. "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".

EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE

THIS ENDORSEMENT PROVIDES CLAIMS-MADE AND REPORTED COVERAGE. DEFENSE COSTS APPLY AGAINST THE LIMITS OF INSURANCE AND ARE SUBJECT TO THE DEDUCTIBLE.

PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.

THERE IS A SEPARATE COINSURANCE PROVISION APPLICABLE TO ALL PAYMENTS FOR "DAMAGES".

PLEASE READ THIS POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, COVERAGE AND COVERAGE RESTRICTIONS.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Employment-Related Practices Liability Annual Aggregate Limit Of Insurance	\$
Deductible Amount	\$
Retroactive Date	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II. Liability is amended as follows:

1. For the purposes of the coverage provided by this endorsement, the following is added to Paragraph A. Coverages:

Coverage - Employment-Related Practices Liability

a. Insuring Agreement

- (1) We will pay on behalf of the insured for "damages" in excess of the Deductible arising out of any "employment-related practices" to which this insurance applies. We have no obligation under this insurance to make payments or perform acts or services except as provided for in this paragraph and in Item B. below.
- (2) This insurance applies to such "damages" only if:
  - (a) The "damages" result from "claims" made by "employees", "leased workers", "temporary workers", former "employees" or applicants for employment by you;
  - (b) The "employment-related practices" take place in the "coverage territory";
  - (c) Such "employment-related practices" occurred after the Retroactive Date, if any, shown in the Declarations and before the end of the "policy period"; and
  - (d) A "claim" is both:
    - (i) First made against any insured, in accordance with paragraph 3. below, during the "policy period" or any Extended Reporting Period we provide under SECTION VII -EXTENDED REPORTING PERIODS; and
    - (ii) Reported to us either:
      - i. During the "policy period" or within thirty (30) days thereafter; or
      - ii. With respect to any "claim" first made during any Extended Reporting Period we provide under SECTION VII -EXTENDED REPORTING PERIODS, during such Extended Reporting Period.



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- (3) A "claim" will be deemed to have been made at the earlier of the following times:
- (a) When notice of such "claim" is received and recorded by you or by us, whichever comes first; or
  - (b) When we make settlement in accordance with paragraph **B.3.** below.
- (4) All "claims" for "damages" based on or arising out of:
- (a) One "employment-related practice", or
  - (b) "Interrelated" "employment-related practices"
- by one or more insureds shall be deemed to be one "claim" and to have been made at the time the first of those "claims" is made against any insured.

Each payment we make for "damages" or "defense expense" reduces the amount of insurance available, as provided under **SECTION III - LIMITS OF INSURANCE**. Each payment we make for "damages" under this insurance is further subject to your coinsurance participation, as specifically described in **SECTION V - COINSURANCE FOR PAYMENT OF "DAMAGES"**.

**b. Exclusions**

This insurance does not apply to "claims" arising directly or indirectly from any:

**(1) Prior "Employment-Related Practices", Facts Or Circumstances**

- (a) "Employment-related practices" which were the subject of any demand, suit or other proceeding which was initiated against any insured; or
- (b) Facts, incidents and circumstances which would cause a reasonable person to believe a "claim" would be made and which were known to any insured, prior to the effective date of the earlier of:
  - (a) The first Employment-Related Practices Liability Endorsement that we issued to you of which this policy was an uninterrupted renewal of this type of coverage, or
  - (b) This Employment-Related Practices Liability Endorsement.

**(2) Contractual Liability**

- (a) Breach of any express contract of employment or any express obligation to make payments in the event of termination of employment; or
- (b) Obligation to pay "damages" by reason of the assumption of liability in any contract or agreement. This exclusion does not apply to liability for "damages" that the insured would have in the absence of the contract or agreement.

**(3) Statutory Obligations**

Of the following laws:

- (a) Any workers compensation, disability benefits or unemployment compensation law, or any similar law, provided however, this exclusion shall not apply to any "claim" based upon, arising from, or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to any such law; or
- (b) The Fair Labor Standards Act, or any state or common law wage or hour law, including, but not limited to laws governing minimum wages, hours worked, overtime compensation, and including any recordkeeping and reporting related thereto. This exclusion includes actions or claims brought by or on behalf of individuals or agencies seeking wages, fines, penalties, taxes, disgorgement, or other affirmative relief or compensation, but does not include claims based on the Equal Pay Act, or retaliation; or
- (c) The National Labor Relations Act of 1938, the Worker Adjustment and Retraining Notification Act (Public Law 100-37991988), the Consolidated Omnibus Budget Reconciliation Act of 1985, or the Occupational Safety and Health Act.

This exclusion also applies to any rules or regulations promulgated under any of the foregoing and amendments thereto or any similar provisions of any federal, state or local law, and to that part of any "damages" awarded for the cost or replacement of any insurance benefits due or alleged to be due to any current or former "employee".

**(4) Employees' Retirement Income Security Act And Administration Of Employee Benefit Plans**

- (a) Responsibilities, obligations or duties imposed under the Employees' Retirement Income Security Act of 1974, Public Law 93-406, (E.R.I.S.A.) as now or hereafter amended, or any similar state or other governmental law. This includes fiduciary liability and any other liability under any such laws.
- (b) Administration of employee benefits plans whether or not liability arises out of E.R.I.S.A.

**(5) Publication Of Material With Knowledge Of Falsity Or Prior To Retroactive Date**

Oral or written publication of material, if such material:

- (a) Was published by or at the direction of the insured with knowledge of the material's falsity; or
- (b) Was first published before the Retroactive Date, if any, shown in the Declarations.

**(6) Dishonest, Criminal Or Fraudulent Acts, Or Failure To Comply With Law**

- (a) Dishonest, criminal or fraudulent acts of the insured; or
- (b) The willful failure by the insured or with the insured's consent to comply with any law or any governmental or administrative order or regulation relating to "employment-related practices". Willful, as used in this exclusion, means acting with intentional or reckless disregard for such employment related laws, orders or regulations.

The enforcement of this exclusion against any insured under this policy shall not be imputed to any other insured.

**(7) Bodily Injury**

"Bodily injury".

**(8) Bankruptcy Or Acquisition By Another Entity**

"Employment-related practices" which occur when or after:

- (a) You file for or are placed in any bankruptcy, receivership, liquidation or reorganization proceeding; or
- (b) Any other business entity acquires an ownership interest in you which is greater than fifty percent.

**(9) Americans With Disabilities Act - Costs Of Accommodations**

Costs of complying with physical modifications to your premises or any changes to your usual business operations as mandated by the Americans with Disabilities Act of 1990 including any amendment thereto, or any similar federal, state or local law.

**(10) Strikes, Lockouts And Other Similar Actions**

Lockout, strike, picket line, related worker replacement(s) or other similar actions resulting from labor disputes or labor negotiations.

**(11) War**

- (a) War, including undeclared or civil war; or
- (b) 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



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

**c. Defense Of Claims, Administrative Hearings And Settlement Authority**

- (1) We have the right and duty to defend the insured against "claims" seeking "damages" to which this insurance applies and to pay for related "defense expense". However, we have no duty to:
  - (a) Defend the insured against "claims" seeking "damages", or
  - (b) Pay for related "defense expense",when this insurance does not apply.
- (2) Our right and duty to defend the insured against "claims" end when we have used up the amount of insurance available, as provided under **SECTION III - LIMITS OF INSURANCE**. This applies both to "claims" pending at that time and those filed thereafter.
- (3) We may:
  - (a) At our sole discretion, investigate any "employment-related practice" that may result in damages"; and
  - (b) Settle any "claim" which may result, provided:
    - (i) We have your written consent to settle; and
    - (ii) The settlement is within the applicable Limit of Insurance available.

Our liability will be limited as described below if:

- (a) You refuse to consent to any settlement we recommend, and
- (b) Such recommended settlement is also acceptable to the claimant.

When this happens, our liability under this Endorsement for such "claim" shall not exceed the amount we would have paid for "damages" and "defense expense" if you had consented at the time of our recommendation. You shall thereafter negotiate and defend that "claim" at your own cost and without our involvement.

- (4) (a) When we control defense of a "claim", we will pay associated "defense expense" and choose a counsel of our choice from the panel of attorneys we have selected to deal with "employment-related practices" "claims". If you give us a specific written request at the time a claim" is first made:
  - (i) You may select one of our panel of employment law attorneys; or
  - (ii) You may ask us to consider the approval of a defense attorney of your choice who is not on our panel.

We will use the panel attorney you selected in (i) above, or consider your request in (ii) above, when we deem it appropriate to engage counsel for such "claim".

- (b) If by mutual agreement or court order the insured assumes control of such defense before the applicable Limit of Insurance is used up, we will reimburse the insured for reasonable "defense expense", subject to item c. immediately below. You and any involved insured must continue to comply with **SECTION VI - CONDITIONS, B. Duties In Event Of "Employment-Related Practices" And "Claims"**. Additionally, you or such insured must direct defense counsel to:
  - (i) Furnish us with additional information we request to evaluate the "employment-related practices" or "claims"; and
  - (ii) Cooperate with any counsel we may select to monitor or associate in the defense of the "employment-related practices" or "claim".

- (c) If we defend the insured under a reservation of rights, counsel will be required to maintain records pertinent to the insured's "defense expenses". These records will be used to determine the allocation of any "defense expenses" for which you or any insured may be solely responsible, including defense of an allegation not covered by this insurance.
- (d) We will notify you in writing when the applicable limit of insurance has actually been used up by the payment of judgment, settlements or "defense expense". We will also initiate and cooperate in the transfer of defense of any "claim" to an appropriate insured for which the duty to defend has ended by reason of **SECTION B.2.** above.

In any case, however, we only pay amounts in excess of the Deductible and such payments will reduce the Limit of Insurance available, as provided under **SECTION III - LIMITS OF INSURANCE.**

2. For the purposes of the coverage provided by this endorsement:
- a. Paragraph **f. Coverage Extension . Supplementary Payments** does not apply.
3. For the purposes of the coverage provided by this endorsement, Paragraph **C. Who Is An Insured** is replaced by the following:
- a. If you are designated in the Declarations as:
- (1) An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - (2) A partnership or joint venture, you are an insured. Your current or former members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - (3) A limited liability company, you are an insured. Your current or former members are also insureds, but only with respect to the conduct of your business. Your current or former managers are insureds, but only with respect to their duties as your managers.
  - (4) An organization other than a partnership, joint venture or limited liability company, you are an insured. Your current or former directors are insureds, but only with respect to their duties as your directors.
- b. Each of the following is also an insured:
- (1) Your current or former "employees" but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.
  - (2) Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Endorsement.
- c. Any heirs, executors, administrators, assignees or legal representatives of any individual insured described in provisions **1.** and **2.** of paragraphs **A.** and **B.** above, in the event of the death, bankruptcy or incapacity of such insured, shall be insureds, but only to the extent this insurance would have been available to such insured but for their death, bankruptcy or incapacity .
- d. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- (1) You must provide us notice of such acquisition or formation within 30 days of the effective date of your acquisition or formation;
  - (2) Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the "policy period", whichever is earlier;
  - (3) Coverage does not apply to any "employment-related practices" that occurred before you acquired or formed the organization; and
  - (4) You must pay us any additional premium due as a condition precedent to the enforceability of this additional extension of coverage.



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This part **D.** does not apply to any organization after it is shown in the Declarations or added to this policy by endorsement.

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

4. For the purposes of the coverage provided by this endorsement, Paragraph **D. Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

a. **Limits of Insurance**

(1) The Limits of Insurance shown in the Declarations for this Endorsement and the rules below fix the most we will pay regardless of the number of:

- (a) Insureds;
- (b) "Claims" made; or
- (c) Persons or organizations making "claims".

(2) The amount of insurance stated as Aggregate Limit is the most we will pay for the sum of

- (a) All "damages" for all "claims" arising out of any actual or alleged "employment-related practices" covered by this insurance; and
- (b) All "defense expense" for all "claims" seeking "damages" payable under paragraph **B.1.** above.

Each payment we make for such "damages" or "defense expenses" reduces the Aggregate Limit by the amount of the payment. This reduced limit will then be the amount of insurance available for further "damages" and "defense expenses" under this Endorsement.

(3) Subject to **B.** above, the amount of insurance stated as the Each "Claim" Limit is the most we will pay in excess of the Deductible as further described in **SECTION IV - DEDUCTIBLE** for the sum of :

- (a) All "damages" for injury arising from "employment-related practices" covered by this insurance arising out of one "claim" whether such "claim" is brought by one or more claimants; and
- (b) All "defense expense" associated with that specific "claim" in item **C.1.** immediately preceding.

(4) In addition to the payments for "damages" and "defense expense" in paragraphs **B.** and **C.** above, we will also pay all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of paragraphs **B.** and **C.** above.

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

5. **Deductible**

- a. A deductible applies to all "damages" for injury arising from "employment-related practices" and any "defense expense" however caused.
- b. Our obligation under this Employment-Related Practices Liability Insurance to pay "damages" and "defense expense" on behalf of any insured applies only to the sum of the amount of "damages" and "defense expense" for each "claim" which are in excess of the deductible amount stated in Declarations.



- c. Your obligation is to pay that deductible which is applicable to each "claim" made against this insurance. That deductible applies to the sum of all "damages" because of injury arising from "employment-related practices" paid for each "claim" and applicable "defense expense" associated therewith. If there should be no "damages" paid for a "claim", you are still obligated to pay the applicable deductible for any "defense expense" incurred by us in connection with that "claim".
- d. The terms of this insurance apply irrespective of the application of the deductible, including those with respect to:
- (1) Our right and duty to defend any "claims" seeking those "damages"; and
  - (2) Your duties in the event of a "claim".
- e. We may pay any part or all of the deductible to effect settlement of any "claim" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible as we may have paid for "damages" or "defense expense".
- f. The application of the deductible does not erode the Limits of Insurance provided.

## 6. Coinsurance For Payment Of "Damages"

- a. With respect to any "claim" for which we pay "damages" under this insurance, you will be responsible for your share of such "damages", in excess of the applicable deductible, at the percentage shown in the Declarations as coinsurance participation. We will be responsible for the remaining percentage of "damages" payable under this Endorsement subject to the applicable Limits of Insurance.
- b. Your coinsurance participation is limited as shown in the declarations to a maximum amount per "claim".
- c. Subject to the provisions of this section we may make payments for "damages" and then request you to pay us your percentage share. You agree to reimburse us for your share. By making such payments for "damages", we do not waive our right to recover your share of such payment(s).
- d. The application of this coinsurance provision does not erode the Limits of Insurance provided.

## 7. Conditions

We have no duty to provide insurance under this Endorsement unless you and any involved insured have fully complied with Conditions contained in this Endorsement.

- a. For the purposes of the coverage provided by this endorsement, Paragraph **E. Liability And Medical Expenses General Conditions** is replaced by the following:

### (1) Bankruptcy

Subject to exclusion 8., the bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Endorsement.

### (2) Duties in Event of "Employment-Related Practices" or "Claims"

- (a) You must see to it that we are notified as soon as practicable of any specific "employment-related practices" which you believe may result in an actual "claim". Your belief must be reasonably certain as the result of specific allegations made by a potential claimant or such potential claimant's representative, or as the result of specifically identifiable injury sustained by a potential claimant. To the extent possible, notice should include:
- (i) How, when and where such "employment-related practices" took place;
  - (ii) The names and addresses of any potential claimants and witnesses; and
  - (iii) The nature of any injury arising out of such "employment-related practices".

Notice of such "employment-related practices" is not notice of a "claim", but preserves any insured's rights to future coverage for subsequent "claims" arising out of such "employment-related practices" as described in the Basic Extended Reporting Period of **SECTION VII - EXTENDED REPORTING PERIODS**.

- (b) If a "claim" is received by any insured:
- (i) You must immediately record the specifics of the "claim" and the date received;
  - (ii) You and any other involved insured must see to it that we receive written notice of the "claim", as soon as practicable, but in any event we must receive notice either:
    - i. During the "policy period" or within thirty (30) days thereafter; or
    - ii. With respect to any "claim" first made during any Extended Reporting Period we provide under **SECTION VII -EXTENDED REPORTING PERIODS**, during such Extended Reporting Period,as a condition precedent for coverage under this insurance. Such notice must provide us with the same information as is required in item 1. immediately preceding; and
  - (iii) You and any other involved insured must:
    - i. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
    - ii. Authorize us to obtain records and other information;
    - iii. Cooperate with us in the investigation, settlement or defense of the "claim"; and
    - iv. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- (c) No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

**(3) Legal Action Against Us**

No person or organization has a right under this Endorsement:

- (a) To join us as a party or otherwise bring us into a "claim" seeking "damages" from any insured; or
- (b) To sue us on this Endorsement unless all of its terms have been fully complied with.

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

**(4) Separation Of Insureds**

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

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

- b. For the purposes of the coverage provided by this endorsement, Paragraph **E. Liability And Medical Expenses General Conditions** the following is added:

**(1) Representations**

By accepting this policy, you agree:

- (a) The statements in the Declarations are accurate and complete;
- (b) Those statements are based upon representations you made to us; and
- (c) We have issued this policy in reliance upon your representations.

**(2) Payment of Deductibles and Coinsurance Amounts**

The first Named Insured shown in the Declarations is responsible for the payment of all deductible and coinsurance participation amounts.

**(3) When We Do Not Renew**

If we decide not to renew this insurance, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

Any State amendatory endorsement changing Nonrenewal Conditions for any part of this policy to which this Endorsement forms a part, shall also apply to this Endorsement.

- c. For the purposes of the coverage provided by this endorsement, Paragraph **H., Other Insurance**, of the **Common Policy Conditions** is replaced by the following:

**H. Other Insurance**

If other valid and collectible insurance is available to the insured for "damages" or "defense expense" we cover under this Endorsement, our obligations are limited as follows:

- 1. As this insurance is primary insurance, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in 2. below.
- 2. If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**d. Common Policy Conditions**

The following additional conditions apply with respect to this Endorsement:

- a. The Common Policy Conditions contained in form **BP 00 03**; and
- b. Any applicable State amendments thereto.

**8. Extended Reporting Periods**

- a. We will provide Extended Reporting Periods, as described below, if:
  - (1) This insurance is cancelled or not renewed; or
  - (2) We renew or replace this Endorsement with insurance that:
    - (a) Has a Retroactive Date later than the date shown in the Declarations of this Endorsement; or
    - (b) Does not apply on a claims-made basis.



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- b. Extended Reporting Periods do not extend the "policy period" or change the scope of coverage provided. They apply only to "claims" as the result of "employment-related practices" which occurred after the Retroactive Date, if any, shown in the Declarations and before the end of the "policy period". Once in effect, Extended Reporting Periods may not be cancelled.
- c. Extended Reporting Periods do not reinstate or increase the Limits of Insurance.
- d. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the "policy period" and lasts for:
  - (1) Five years with respect to "claims" arising out of "employment-related practices" which had been properly reported to us during the "policy period" in accordance with provision 1. of paragraph **B. Duties in Event of "Employment-Related Practices" or "Claims"**, under **SECTION VI - CONDITIONS**; and
  - (2) Sixty days with respect to "claims" arising from "employment-related practices" not previously reported to us.

The Basic Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such claims.

- e. A Supplemental Extended Reporting Period of twelve (12) months duration is available, but only by an endorsement and for an extra charge. This supplemental period starts when the Basic Extended Reporting Period, set forth in paragraph **D.2.** above, ends. You must give us a written request for the endorsement within 30 days after the end of the "policy period". The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium when due. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:
  - (1) The exposures insured;
  - (2) Previous types and amounts of insurance;
  - (3) Limits of Insurance available under this Endorsement for future payment of "damages" or "defense expense"; and
  - (4) Other related factors.

The additional premium will not exceed 200% of the annual premium for this Endorsement.

- f. The Supplemental Extended Reporting Period endorsement we issue shall set forth the terms, not inconsistent with this Section, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Supplemental Extended Reporting Period begins.

## 9. Liability and Medical Expense Definitions

- a. For the purposes of the coverage provided by this endorsement, Paragraphs **F.3., F.4., F.5., F.10.,** and **F.19.,** of the **Liability and Medical Expense Definitions** are replaced by the following:
  - 3. "Bodily injury" means physical injury to the body, sickness or disease sustained by a person as the result of direct physical injury to the body, including death resulting from any of these at any time. "Bodily injury" does not include mental anguish that results from an "employment-related practice".
  - 4. "Coverage territory" means:
    - a. The United States of America (including its territories and possessions) and Puerto Rico; or
    - b. Anywhere in the world with respect to the activities of a person whose place of employment is in the territory described in 1. above, while he or she is away for a short time on your business;

provided that the insured's responsibility to pay "damages" is determined in a suit (or in any other type of civil proceeding as described under the definition of "claim") on the merits in, and under the substantive law of, the United States of America (including its territories and possessions) or Puerto Rico.

5. "Employee" means a person
- (1) Employed by you for wages or salary, or
  - (2) Who is a current or former member of your board of directors.

But "employee" does not include any independent contractor, any employees of any independent contractor while acting within the scope of their employment, any "leased worker" or any "temporary worker".

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

b. For the purposes of the coverage provided by this endorsement, Paragraph **F. Liability and Medical Expense Definitions**, the following is added.

1. "Claim" means written or oral notice presented by:
- (a) Any "employee", "leased worker", "temporary worker", former "employee" or applicant for employment by you; or
  - (b) The EEOC or any other Federal, state or local administrative or regulatory agency on behalf of such person in item 1. immediately preceding,

alleging that the insured is responsible for "damages" as a result of injury arising out of any "employment-related practices".

"Claim" includes any civil proceeding in which either "damages" are alleged or fact finding will take place, when either is the actual or alleged result of any "employment-related practice" to which this insurance applies. This includes:

- (a) An arbitration proceeding in which such "damages" are claimed and to which the insured submits with our consent;
  - (b) Any other alternative dispute resolution proceeding in which such "damages" are claimed and to which the insured submits with our consent; or
  - (c) Any administrative proceedings established under applicable federal, state or local laws as may be applicable to "employment-related practices" covered under this insurance.
2. "Damages" means monetary amounts to which this insurance applies and which the insured is legally obligated to pay as judgments or awards, or as settlements to which we have agreed in writing.

"Damages" include:

- (a) "Pre-judgment interest" awarded against the insured on that part of the judgment we pay,
- (b) To the extent allowed by law, any portion of a judgment or award that represents a multiple of the compensatory amounts or punitive or exemplary damages, and
- (c) "Legal fees" unless the "claim" is seeking solely equitable relief, injunctive relief, declarative relief or any other relief or recovery other than money.

"Damages" do not include:

- (a) Civil, criminal, administrative or other fines or penalties;



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- (b) Equitable relief, injunctive relief, declarative relief or any other relief or recovery other than money;
  - (c) "Legal fees" when solely equitable relief, injunctive relief, declarative relief or any other relief or recovery other than money is sought; or
  - (d) judgments or awards because of acts deemed uninsurable by law.
3. "Defense expense" means payments allocated to a specific "claim" for its investigation, settlement, or defense, including:
- (a) Attorney fees and all other litigation expenses.
  - (b) The cost of bonds to appeal a judgment or award in any "claim" we defend. We do not have to furnish these bonds.
  - (c) The cost of bonds to release attachments, but only for bond amounts within the available limits of insurance. We do not have to furnish these bonds.
  - (d) Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of any "claim", including actual loss of earnings up to \$250 a day because of time off from work.
  - (e) Costs taxed against the insured in the "claim".
- "Defense expense" does not include:
- (a) Salaries and expenses of our employees or your "employees", other than:
    - (1) That portion of our employed attorneys' fees, salaries and expenses allocated to a specific "claim" for the defense of the insured; and
    - (2) The expenses described in 4. above; and
  - (b) Interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of **LIMITS OF INSURANCE**.
4. "Employment-related practices" means any of the following actual or alleged practices which are directed against any of your "employees", "leased workers", "temporary workers", former "employees" or any applicant for employment by you, and for which remedy is sought under any federal, state or local statutory or common civil employment law:
- (a) Wrongful refusal to employ a qualified applicant for employment;
  - (b) Wrongful failure to promote, or wrongful deprivation of career opportunity;
  - (c) Wrongful demotion, negligent evaluation, negligent reassignment or wrongful discipline;
  - (d) Wrongful termination of employment, including retaliatory or constructive discharge;.
  - (e) Employment related misrepresentation;
  - (f) Harassment, coercion, discrimination or humiliation as a consequence of race, color, creed, national origin, marital status, medical condition, gender, age, physical appearance, physical and/or mental impairments, pregnancy, sexual orientation or sexual preference or any other protected class or characteristic established by any applicable federal, state, or local statute; or
  - (g) Oral or written publication of material that slanders, defames or libels or violates or invades a right of privacy.
5. "Interrelated" means:
- (a) Having as a common nexus any fact, circumstance, situation, event, transaction or cause; or
  - (b) A series of related facts, circumstances, situations, events, transactions or causes.

6. "Legal fees" means attorneys fees, or expenses that the insured is legally obligated to pay as a result of an adverse judgment. "Legal fees" does not include cost of compliance with any equitable relief, injunctive relief, declarative relief or any other relief or recovery other than money.
7. "Policy period" means the period stated in the Declarations of the policy of which this Endorsement forms a part including an extension after issuance of the policy for an additional period of less than 12 months. However:
  - (a) If this Endorsement is issued to be effective subsequent to the effective date of such policy, the "policy period" for the Endorsement will start with the effective date of the Endorsement; and
  - (b) If this Endorsement is cancelled prior to the expiration date of such policy, the "policy period" for this Endorsement will end with the cancellation date of the Endorsement.
8. "Pre-judgment interest" means interest added to a settlement, verdict, award or judgment based on the amount of time prior to the settlement, verdict, award or judgment, whether or not made part of the settlement, verdict, award or judgment.

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## EXCLUSION - PROFESSIONAL SERVICES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Exclusion **B.1.j. Professional Services** in **Section II, Liability**, the following is added:

**j. Professional Services:**

- (10) Services while you are acting in a fiduciary or representative capacity including but not limited to, Real Estate Agents, Insurance Agents and Travel Agents.
- (11) Financial services including but not limited to:
  - (a) Planning, administering or advising on investments, pensions, annuities or individual retirement plan, fund or account;
  - (b) The issuance or withdrawal of stocks, bonds or other securities;
  - (c) The trading of securities or commodities;
  - (d) Maintaining of financial accounts or records;
  - (e) Tax planning, tax advising or the preparation of tax returns.
- (12) Services in connection with the selling, licensing, franchising or furnishing of your computer software including electronic data processing programs, designs, specifications, manuals and instructions.

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**IDENTITY RECOVERY COVERAGE  
IDENTITY THEFT CASE MANAGEMENT SERVICE AND  
EXPENSE REIMBURSEMENT**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added as an Additional Coverage to the Property section:

**IDENTITY RECOVERY COVERAGE**

We will provide the Case Management Service and Expense Reimbursement Coverage indicated below if all of the following requirements are met:

1. There has been an "identity theft" involving the personal identity of an "identity recovery insured" under this policy; and
2. Such "identity theft" is first discovered by the "identity recovery insured" during the policy period for which this Identity Recovery coverage is applicable; and
3. Such "identity theft" is reported to us within 60 days after it is first discovered by the "identity recovery insured."

If all three of the requirements listed above have been met, then we will provide the following to the "identity recovery insured":

**1. Case Management Service**

Services of an "identity recovery case manager" as needed to respond to the "identity theft"; and

**2. Expense Reimbursement**

Reimbursement of necessary and reasonable "identity recovery expenses" incurred as a direct result of the "identity theft."

This coverage is additional insurance.

**EXCLUSIONS**

The following additional exclusions apply to this coverage:

We do not cover loss or expense arising from any of the following.

1. The theft of a professional or business identity.
2. Any fraudulent, dishonest or criminal act by an "identity recovery insured" or any person aiding or abetting an "identity recovery insured", or by any authorized representative of an "identity recovery insured", whether acting alone or in collusion with others. However, this exclusion shall not apply to the interests of an "identity recovery insured" who has no knowledge of or involvement in such fraud, dishonesty or criminal act.
3. An "identity theft" that is not reported in writing to the police.

**LIMITS**

Case Management Service is available as needed for any one "identity theft" for up to 12 consecutive months from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the amount of limit available for Expense Reimbursement Coverage.

Expense Reimbursement Coverage is subject to a limit of \$25,000 annual aggregate per "identity recovery insured." Regardless of the number of claims, this limit is the most we will pay for the total of all loss or expense arising out of all "identity thefts" to any one "identity recovery insured" which are first discovered by the "identity recovery insured" during the present annual policy period. If an "identity theft" is first discovered in one policy period and continues into other policy periods, all loss and expense arising from such "identity theft" will be subject to the aggregate limit applicable to the policy period when the "identity theft" was first discovered.

Legal costs as provided under item **d.** of the definition of "identity recovery expenses" are part of, and not in addition to, the Expense Reimbursement Coverage limit.

Item **e.** (Lost Wages) and item **f.** (Child and Elder Care Expenses) of the definition of "identity recovery expenses" are jointly subject to a sublimit of \$5,000. This sublimit is part of, and not in addition to, the Expense Reimbursement Coverage limit. Coverage is limited to wages lost and expenses incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

Item **g.** (Mental Health Counseling) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expense Reimbursement Coverage limit. Coverage is limited to counseling that takes place within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

Item **h.** (Miscellaneous Unnamed Costs) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expenses Reimbursement Coverage limit. Coverage is limited to costs incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

#### **DEDUCTIBLE**

Case Management Service is not subject to a deductible.

Expense Reimbursement coverage is subject to a deductible of \$250. Any one "identity recovery insured" shall be subject to only one deductible under this Identity Recovery Coverage during any one policy period.

#### **CONDITIONS**

The following additional conditions apply to this coverage:

##### **A. Help Line**

For assistance, the "identity recovery insured" should call the **Identity Recovery Help Line at 1-800-631-9073.**

The **Identity Recovery Help Line** can provide the "identity recovery insured" with:

1. Information and advice for how to respond to a possible "identity theft"; and
2. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an "identity recovery insured" prior to a determination that a covered "identity theft" has occurred. Our provision of such services is not an admission of liability under the policy. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered "identity theft" has not occurred.

As respects Expense Reimbursement Coverage, the "identity recovery insured" must send to us, within 60 days after our request, receipts, bills or other records that support his or her claim for "identity recovery expenses."

##### **B. Services**

The following conditions apply as respects any services provided by us or our designees to any "identity recovery insured" under this endorsement:

1. Our ability to provide helpful services in the event of an "identity theft" depends on the cooperation, permission and assistance of the "identity recovery insured."

2. All services may not be available or applicable to all individuals. For example, "identity recovery insureds" who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
3. We do not warrant or guarantee that our services will end or eliminate all problems associated with an "identity theft" or prevent future "identity thefts."

## DEFINITIONS

With respect to the provisions of this endorsement only, the following definitions are added:

1. **"Identity Recovery Case Manager"** means one or more individuals assigned by us to assist an "identity recovery insured" with communications we deem necessary for re-establishing the integrity of the personal identity of the "identity recovery insured." This includes, with the permission and cooperation of the "identity recovery insured," written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.
2. **"Identity Recovery Expenses"** means the following when they are reasonable and necessary expenses that are incurred as a direct result of an "identity theft":
  - a. Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an "identity theft."
  - b. Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of your efforts to report an "identity theft" or amend or rectify records as to your true name or identity as a result of an "identity theft."
  - c. Costs for credit reports from established credit bureaus.
  - d. Fees and expenses for an attorney approved by us for the following:
    - (1) The defense of any civil suit brought against an "identity recovery insured."
    - (2) The removal of any civil judgment wrongfully entered against an "identity recovery insured."
    - (3) Legal assistance for an "identity recovery insured" at an audit or hearing by a governmental agency.
    - (4) Legal assistance in challenging the accuracy of the "identity recovery insured's" consumer credit report.
    - (5) The defense of any criminal charges brought against an "identity recovery insured" arising from the actions of a third party using the personal identity of the "identity recovery insured."
  - e. Actual lost wages of the "identity recovery insured" for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours.
  - f. Actual costs for supervision of children or elderly or infirm relatives or dependants of the "identity recovery insured" during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
  - g. Actual costs for counseling from a licensed mental health professional. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
  - h. Any other reasonable costs necessarily incurred by an "identity recovery insured" as a direct result of the "identity theft."
    - (1) Such costs include:
      - (A) Costs by the "identity recovery insured" to recover control over his or her personal identity.
      - (B) Deductibles or service fees from financial institutions.

- (2) Such costs do not include:
  - (A) Costs to avoid, prevent or detect "identity theft" or other loss.
  - (B) Money lost or stolen.
  - (C) Costs that are restricted or excluded elsewhere in this endorsement or policy.

3. **"Identity Recovery Insured"** means the following:

- a. When the entity insured under this policy is a sole proprietorship, the "identity recovery insured" is the individual person who is the sole proprietor of the insured entity.
- b. When the entity insured under this policy is a partnership, the "identity recovery insureds" are the current partners.
- c. When the entity insured under this policy is a corporation or other organization, the "identity recovery insureds" are all individuals having an ownership position of 20% or more of the insured entity. However, if and only if there is no one who has such an ownership position, then the "identity recovery insured" shall be:
  - (1) The chief executive of the insured entity; or
  - (2) As respects a religious institution, the senior ministerial employee.

An "identity recovery insured" must always be an individual person. The entity insured under this policy is not an "identity recovery insured."

4. **"Identity Theft"** means the fraudulent use of the social security number or other method of identifying an "identity recovery insured." This includes fraudulently using the personal identity of an "identity recovery insured" to establish credit accounts, secure loans, enter into contracts or commit crimes.

"Identity theft" does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

All other provisions of this policy apply.

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## BUSINESS INCOME CHANGES - 24 HOUR TIME PERIOD

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**Section I - Property** is amended as follows:

- A.** Paragraph A.5.i Civil Authority Additional Coverage is amended by deleting the second and third paragraphs and replacing them with the following:

This coverage will apply for a period of up to three consecutive weeks from the date of that action.

- B.** Paragraph A.5.m.(5)(a) Business Income From Dependent Properties Additional Coverage is replaced by the following:

**(5)** The coverage period for Business Income under this Additional Coverage:

- (a)** Begins 24 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises of the dependent property; and

- C.** Paragraph H.9.a.(1)(a) of the "Period of Restoration" definition is replaced by the following:

- (a)** 24 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; or

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

**BUSINESSOWNERS PROPERTY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

This summarizes the various coverages provided by this endorsement; no coverages are given by this summary. Actual coverage descriptions are within the form.

<u>SUBJECT</u>	<u>LIMITS OF INSURANCE OR CHANGE IN CONDITION</u>	<u>SECTION</u>
Business Personal Property 1,000 feet of premises	Legal Liability requirement deleted, Covered within 1,000 feet of premises	I.
Undamaged Tenants Improvements And Betterments Coverage Loss Payment	Covered as Business Personal Property Valuation	
Leased Building Property	\$ 5,000	
Property Not Covered	Stained Glass	II.
Limitations		III.
Fragile Articles Limitation	\$ 5,000 All Covered Causes of Loss	
Additional Coverages		IV. V.
Debris Removal	\$ 10,000	
Preservation Of Property	60 days	
Fire Department Service Charge	\$ 15,000	
Business Income - Ordinary Payroll Expense		
Business Income - Newly Acquired Locations	\$ 250,000 at each Newly Acquired Premises/60 days	
Money Orders And Counterfeit Money	\$ 10,000	
Forgery Or Alteration	\$ 25,000 or follows Employee Dishonesty limit	
Increased Cost Of Construction		
Business Income From Dependent Property	\$ 50,000 or 30 days Actual Loss Sustained	
Glass		
Fire Extinguisher Systems Recharge Expense	\$ 15,000	
Electronic Data	\$ 25,000	
Computer Equipment	\$ 25,000	
Employee Dishonesty	\$ 25,000	
Employee Tools	\$ 25,000	
Money And Securities	\$ 10,000 on premises/\$5,000 off premises	

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Off Premises Power Failure \$ 10,000 /24 hours  
 Ordinance Or Law \$ 50,000  
 Coverage 2 - Demolition Cost Coverage  
 Coverage 3 - Increased Cost of Construction Coverage

Outdoor Signs \$ 10,000  
 Reward \$ 10,000

Coverage Extensions

VI.  
 VII.

Newly Acquired Or Constructed Property  
 Building \$1,000,000 up to 180 days  
 Business Personal Property \$ 500,000 up to 180 days  
 Personal Property Off Premises \$ 25,000  
 Outdoor Property All covered causes of loss  
 fences, retaining walls, radio and television \$ 10,000 aggregate  
 antennas, trees and shrubs \$ 1,000 each tree, shrub or plant  
 Personal Effects \$ 15,000  
 Valuable Papers And Records \$ 25,000 on premises/\$10,000 off premises  
 Accounts Receivable \$ 35,000 on premises/\$5,000 off premises  
 Brands And Labels Included in Business Personal Property Limit  
 Cellular Phones - Coverage \$ 1,000  
 Consequential Loss To Stock Included in Business Personal Property Limit  
 Fine Arts \$ 10,000  
 Lock Replacement Actual Loss Sustained  
 Loss Adjustment Expenses \$ 5,000  
 Water Back-Up And Sump Overflow \$ 25,000

Limits Of Insurance

VIII.

Coverages in addition to Limits of Insurance  
 Business Personal Property Limit - Seasonal Increase 33%

Deductible

IX.

No more than \$500 Deductible  
 No Deductible  
 Deductible - Cellular Phones \$ 50

Property Loss Conditions

X.

Amendment Loss Payment Provision

Property Definitions

XI.  
 XII.

Period Of Restoration  
 Fine Arts



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**SECTION I - PROPERTY OF THE BUSINESSOWNERS COVERAGE FORM IS AMENDED AS FOLLOWS:**

- I. Paragraph **A.1.b.** Coverage - Business Personal Property is replaced by the following:
- b. Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,000 feet of the described premises, including:
    - (1) Property you own that is used in your business.
    - (2) Property of others that is in your care, custody or control, plus the cost of labor, materials or services furnished or arranged by you on personal property of others.  
Property of others coverage does not apply to Employee Tools except as provided under Section **IV.** of this Endorsement.
    - (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
      - (a) Made a part of the building or structure you occupy but do not own; and
      - (b) You acquire or made at your expense but cannot legally remove.
    - (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph **1.b.(2).**
    - (5) Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.
    - (6) Undamaged Improvements and Betterments.
      - (a) Improvements and betterments coverage includes the portion of improvements and betterments not damaged in a covered loss.
      - (b) We will pay for the portion of undamaged improvements and betterments only if a minimum of six months is required to repair or rebuild the building for your occupancy, and only when your lease is cancelled:
        - (i) by the lessor;
        - (ii) by a valid condition of your lease; and
        - (iii) due to direct physical loss or damage by a Covered Cause of Loss to property at the premises stated in the Declarations.
    - (7) Leased Building Property, including but not limited to, building or doors, at a premises where you are a tenant and are liable for such damage, unless coverage is otherwise provided for above in Paragraph **A.1.a.** Covered Property - Buildings. The most we will pay for loss or damage by a Covered Cause of Loss under this provision as respects leased Building Property is \$5,000 in any one occurrence. This provision does not apply to exterior glass and semi-exterior glass (glass which is on the exterior of the insured premises, but which is interior to an enclosed structure, i.e., an enclosed shopping mall), including all lettering and ornamentation.
- II. The following is added to Section **A.2.** Property Not Covered:
- j. Stained Glass except as provided under Section **VI.D.** Fine Arts Coverage.
- III. Limitations
- A. Fragile Articles Limitation. Paragraph **b.** in **4.** Limitations of Part **A.** Coverage is replaced by the following:
    - b. We will not pay more than \$5,000 for loss or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelain, if broken, unless caused by a Covered Cause of Loss or building glass breakage. This restriction does not apply to:
      - (1) Glass that is part of the exterior or interior of a building or structure;
      - (2) Containers of property while held for sale;
      - (3) Photographic or scientific instrument lenses; or
      - (4) "Fine Arts" Extension of Coverage or to "Fine Arts" Optional Coverage.
- IV. The Additional Coverages section of Part **A.** Coverage is changed as follows:
- A. Debris Removal. Paragraph **A.5.a.(4)** Additional limit for debris removal expense is replaced with \$10,000.
  - B. Preservation of Property. The 30 day limit shown in paragraph **A.5.b.(2)** Preservation of Property, is replaced with a 60 day limit.
  - C. Fire Department Service Charge. The \$2,500 limit shown in paragraph **A.5.c.** Fire Department Service Charge, is replaced with a \$15,000 limit.



D. Business Income. The 60 day limitation for ordinary payroll expense shown in paragraph **A.5.f.(1)(b)** Business Income is not applicable.

E. The following is added to Paragraph **A.5.f.** Business Income:

**(5) Business Income Extensions**

**(a) Newly Acquired Locations**

- (i) If this policy includes Business Income Coverage, you may extend your Business Income Coverage to apply to property at a location you acquire other than at fairs or exhibitions.
- (ii) The most we will pay for loss or damage under this Extension is \$ 250,000 at each location in any one occurrence.
- (iii) Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
  - i. This policy expires;
  - ii. 60 days expire after you acquire or begin to construct the property;
  - iii. You report values to us; or
  - iv. The property is more specifically insured.

F. Money Orders and Counterfeit Money. The \$1,000 limit shown in **A.5.j.** Money Orders and Counterfeit Money is replaced with a \$10,000 limit.

G. Forgery or Alteration.

Paragraph **A.5.k.(4)** Forgery or Alteration is replaced by the following:

**(4)** The most we will pay for any loss, including legal expenses, under this Additional Coverage is the greater of \$ 25,000 or an amount equal to the Limit of Insurance for Employee Dishonesty shown in the Declarations.

H. Increased Cost of Construction.

Paragraph **A.5.l.** Increased Cost of Construction is not applicable. Refer to Section **V.F.** - Ordinance or Law Additional Coverage of this endorsement.

I. Business Income From Dependent Property.

Paragraph **A.5.m.**, Business Income From Dependent Property is replaced by the following:

**m. Business Income From Dependent Properties**

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

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

The most we will pay under this Additional Coverage is the lesser of:

- (a)** \$50,000; or
  - (b)** 30 days actual loss sustained after direct loss or damage to the property.
- (2)** We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operation" in whole or in part, by using any other available:
- (a)** Source of materials; or
  - (b)** Outlet for your products.
- (3)** If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4)** Dependent property means property owned by others whom you depend on to:
- (a)** Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;
  - (b)** Accept your products or services;
  - (c)** Manufacture your products for delivery to your customers under contract for sale; or
  - (d)** Attract customers to your business.



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

- (5) The coverage period for Business Income under this Additional Coverage:
- (a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
  - (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (6) The Business Income coverage period as stated in Paragraph (5), does not include any increased period required due to the enforcement of any ordinance or law that:
- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- The expiration date of this policy will not reduce the Business Income coverage period.
- (7) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

**J. Glass.**

Paragraph **A.5.n.** Glass Expenses is replaced by the following:

**n. Glass**

- (1) We will pay for direct physical loss of or damage to glass, including lettering or ornamentation, which is part of or contained in a covered building or structure at the described premises. The glass must be owned by you, or owned by others but in your care, custody or control. We will also pay for necessary:
- (a) Expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed;
  - (b) Repair or replacement of encasing frames; and
  - (c) 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.

**K. Fire Extinguisher Systems Recharge Expense.**

Paragraph **A.5.o.** Fire Extinguisher Systems Recharge Expense is replaced by the following:

**o. Fire Extinguisher Systems Recharge Expense**

- (1) We will pay:
- (a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises; and
  - (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- (3) The most we will pay under this Additional Coverage is \$15,000 in any one occurrence.

**L. Electronic Data**

The \$ 10,000 limit shown in Paragraph **A.5.p.** Electronic Data is replaced with \$25,000 limit.

**V. The following items are added to the Additional Coverages section of Part A. Coverages:**

**A. Computer Equipment.**

1. We will pay for direct loss of or damage to Computer Equipment resulting from direct physical loss or damage by a Covered Cause of Loss at the premises described in the Declarations.
2. The most we will pay for loss under this Additional Coverage is \$25,000 in any one occurrence. Our payment will only be for the account of the owner of the computer equipment.

**B. Employee Dishonesty.**

1. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
  - a. Cause you to sustain loss or damage; and also

- b. Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for;
- (1) Any employee; or
  - (2) Any other person or organization.
2. We will not pay for loss or damage;
- a. Resulting from any dishonest or criminal act that you or any of your partners or members commit whether acting alone or in collusion with other persons.
  - b. Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph 1.), "managers" or directors:
    - (1) Whether acting alone or in collusion with other persons; or
    - (2) While performing services for you or otherwise.
  - c. The only proof of which as to its existence or amount is:
    - (1) An inventory computation; or
    - (2) A profit and loss computation.
3. The most we will pay for loss or damage in any one occurrence is:
- a. \$ 25,000; or
  - b. the Limit of Insurance shown in the Declarations for Employee Dishonesty; whichever is greater.
4. All loss or damage:
- a. Caused by one or more persons; or
  - b. Involving a single or series of related acts; is considered one occurrence.
5. If any loss is covered:
- a. Partly by this insurance; and
  - b. Partly by any prior cancelled or terminated insurance that we or any affiliate 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.
6. We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
7. This Additional Coverage does not apply to any employee immediately upon discovery by:
- a. You; or
  - b. Any of your partners, "members", "managers," officers or directors not in collusion with the employee;
- of any dishonest act committed by that employee before or after being hired by you.
8. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the Policy Period.
9. If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:
- a. This Additional Coverage become effective at the time of cancellation or termination of the prior insurance; and
  - b. The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
10. The insurance under paragraph 9. above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
- a. This Additional Coverage as of its effective date; or
  - b. The prior insurance had it remained in effect.



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

But employee does not mean;

  - a. Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
  - b. Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.
12. This Additional Coverage replaces the Employee Dishonesty Coverage in Part **G.3.** Optional Coverages.
13. Exclusion **B.2.f.**, Dishonesty, does not apply to coverage for employees as provided by this Additional Coverage.

**C. Employee Tools.**

We will pay for loss of or damage to tools owned by your employees located on the described premises or in transit resulting from a Covered Cause of Loss.

The most we will pay for loss under this Additional Coverage is \$ 25,000 or the Limit of Insurance shown in the Declarations in any one occurrence. Our payment will only be for the account of the owner of the tools.

**D. Money and Securities.**

1. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting from:
  - a. Theft, meaning any act of stealing;
  - b. Disappearance; or
  - c. Destruction.
2. In addition to the limitations and exclusions applicable to Section **I - Property**, we will not pay for loss:
  - a. Resulting from accounting or arithmetical errors or omissions;
  - b. Due to the giving or surrendering of property in any exchange or purchase; or
  - c. Of property contained in any "money" operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
3. The most we will pay for loss in any one occurrence is:
  - a. \$10,000 on premises which includes "money" and "securities" in or on the described premises or within a bank or savings institution and \$5,000 off the premises; or
  - b. the Limit of Insurance shown for Money and Securities in the Declarations;

whichever is greater.

4. All loss caused by one or more persons or involving a single act or series of related acts, will be considered one occurrence.
5. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
6. This Additional Coverage replaces the Money and Securities Coverage in Part **G.2.** Optional Coverages.

**E. Off Premises Power Failure.**

We will pay up to \$10,000 for loss of Business Income and Extra Expense caused by the failure of power or other utility service supplied to the described premises if the failure occurs away from the described premises.

The failure of power or other utility service must result from direct physical loss or damage by a Covered Cause of Loss.

We will only pay for loss you sustain after the first 24 hours following the direct physical loss to the off premises property.

**F. Ordinance Or Law Coverage(s).**

1. The following additional coverages apply only to covered Buildings written on a replacement cost basis.
2. Application of Coverage(s)

The Additional Coverage for Ordinance Or Law provided by this endorsement applies only if both **F.2.a.** and **F.2.b.** are satisfied and are then subject to the qualifications set forth in **F.2.c.**

**a. The ordinance or law:**

- (1) Regulates the demolition, construction or repair of buildings or tenants improvements and betterments, or establishes zoning or land use requirements at the described premises; and
- (2) Is in force at the time of loss.

But coverage 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.

**b. The building or tenants improvements and betterments sustain direct physical damage;**

- (1) That is covered under this policy and such damage results in enforcement of the ordinance or law; or
- (2) That is covered under this policy and direct physical damage that is not covered under this policy, and the building or improvements and betterments damage in its entirety results in enforcement of the ordinance or law.
- (3) But if the damage 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 or tenants improvements and betterments has also sustained covered direct physical damage.

**c. In the situation described in **F.2.b.(2)** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages 2 and/or 3 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.**

However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of Coverages 2 and/or 3.

**3. We will not pay under Coverages 2 or 3 of this endorsement for:**

- a. Enforcement of 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 of any activity of "fungi", wet or dry rot or bacteria; or**
- b. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", fungi", wet or dry rot or bacteria.**

**4. Coverage**

- a. Coverage 2 - 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 enforcement of an ordinance or law that requires demolition of such undamaged property.

Paragraph **E.5.d.** Loss Payment Property Loss Condition in Section I - Property does not apply to Demolition Cost Coverage.

**b.** Coverage 3 - Increased Cost Of Construction Coverage

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 enforcement of the minimum requirements 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 the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph **E.5.d.** Loss Payment Property Loss Condition in Section I - Property does not apply to the Increased Cost of Construction Coverage.

**5.** Ordinance or Law Loss Payment

**a.** All following loss payment provisions **5.b.**, is subject to the apportionment procedure set forth in Section **F.2.c.** above.

**b.** For Coverage 2 - Demolition Cost Coverage and Coverage 3 Increased Cost of Construction Coverage the most we will pay at each described premises, for the total of all covered losses is:

- (1) \$ 50,000; or
- (2) the Limit of Insurance shown in the Declarations for Demolition Cost Coverage and Increased Cost of Construction Coverage;

whichever is greater.

The Limit of Insurance for Demolition Cost Coverage and Increased Cost of Construction Coverage, described in Paragraph **5.c.** above, is subject to the following additional loss payment provisions:

- (1) For Demolition Cost Coverage, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- (2) For Increased Cost of Construction Coverage:

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 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.

If the building or tenants improvements and betterments are repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under the Increased Cost of Construction Coverage is the lesser of:

- (a) the increased cost of construction at the same premises; or
- (b) the applicable Demolition Cost Coverage and Increased Cost of Construction Coverage Limit of Insurance described in Paragraph **5.c.** above.

If the ordinance or law requires relocation to another premises, the most we will pay under the Increased Cost of Construction Coverage is the lesser of:

- (a) the increased cost of construction at the new premises; or
- (b) the applicable Demolition Cost Coverage and Increased Cost of Construction Coverage Limit of Insurance described in Paragraph **5.c.** above.

6. The terms of this Additional Coverage apply separately to each Building to which this endorsement applies.
7. Under this endorsement, we will not pay for loss due to any ordinance or law that:
  - a. You were required to comply with before the loss, even if the building was undamaged; and
  - b. You failed to comply with.
8. Example of Proportionate Loss Payment for Ordinance or Law Coverage Losses (procedure as set forth in Section **F.2.c.** of this endorsement).

Assume:

- Wind is a Covered Cause of Loss. Flood is an excluded Cause of Loss;
- The building has a value of \$200,000;
- Total direct physical damage to building: \$100,000;
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value;
- Portion of direct physical damage that is covered (caused by wind): \$30,000;
- Portion of direct physical damage that is not covered (caused by flood): \$70,000; and
- Loss under Ordinance or Law Coverage 3 of this endorsement: \$60,000.

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$\$30,000$  divided by  $\$100,000 = .30$

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 Coverage 3 loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

NOTE: The same procedure applies to losses under Coverage 1 and 2 of this endorsement.

#### G. Outdoor Signs.

1. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:
  - a. Owned by you; or
  - b. Owned by others but in your care, custody or control.
2. Paragraph **A.3.**, Covered Causes of Loss, and Section **B.**, Exclusions, does not apply to this Additional Coverage, except for:
  - a. Paragraph **B.1.c.**, Governmental Action;
  - b. Paragraph **B.1.d.**, Nuclear Hazard; and
  - c. Paragraph **B.1.f.**, War and Military Action.
3. We will not pay for loss or damage caused by or resulting from:
  - a. Wear and tear;
  - b. Hidden or latent defect;
  - c. Rust;
  - d. Corrosion; or
  - e. Mechanical breakdown.
4. The most we will pay for loss or damage in any one occurrence is:
  - a. \$10,000; or
  - b. the Limit of Insurance for Outdoor Signs shown in the Declarations; whichever is greater.
5. This Additional Coverage replaces the Outdoor Signs Coverage in Part **G.1.** Optional Coverage.
6. As respects this Additional Coverage, Paragraph 2. Of **C.** Limits of Insurance is deleted.

#### H. Reward.

We will pay up to \$10,000 as a reward for information which leads to a conviction in connection with a fire loss or theft loss covered under this policy. Regardless of the number of persons involved in providing information, the limit of our liability under this Additional Coverage shall not be increased.



## VI. Coverage Extensions

The Coverage Extensions section of Part A. Coverage is changed as follows:

### A. Newly Acquired Or Constructed Property

Paragraph A.6.a. Newly Acquired Or Constructed Property is replaced by the following:

#### a. Newly Acquired Or Constructed Property

##### (1) Buildings

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

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

The most we will pay for loss or damage under this Extension is \$ 1,000,000 at each building.

##### (2) Business Personal Property

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

- (a) Business Personal Property, including such property that you newly acquire, at any location you acquire;
- (b) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (c) Business Personal Property that you newly acquire, located at the described premises.

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

The most we will pay for loss or damage under this Extension is \$ 500,000 at each building.

##### (3) Period Of Coverage

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

- (a) This policy expires;
- (b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

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

### B. Personal Property Off Premises.

Paragraph A.6.b. Personal Property Off Premises is replaced by the following:

- b. You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or temporarily at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$25,000.

Limit above does not include Employee Tools. Refer to Section IV.C. Additional Coverage - Employee Tools for specific coverage.

### C. Outdoor Property.

Paragraph A.6.c. Outdoor Property, is replaced by the following:

#### c. Outdoor Property

You may extend the insurance provided by this policy to apply to your outdoor fences and retaining walls; radio or television antennas (including satellite dishes), including their lead-in wiring, masts, or towers; trees, shrubs and plants, including debris removal expense, caused by or resulting from a Covered Cause of Loss.

The most we will pay for loss or damage under this Extension is \$10,000 but not more than \$1,000 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.



**D. Personal Effects.**

Paragraph **A.6.d.** Personal Effects is replaced by the following:

**d. Personal Effects**

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

- (1) Tools or equipment used in your business except as provided by Additional Coverage **IV.C.** Employee Tools of this endorsement; or
- (2) Loss or damage by theft.

The most we will pay for loss or damage under this Extension is \$ 15,000 at each described premises.

**E. Valuable Papers and Records.**

Paragraph **A.6.e.(3)** "Valuable Papers and Records" is replaced by the following:

The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is:

- (a) \$25,000; or
- (b) the Limit of Insurance shown for Valuable Papers and Records in the Declarations; whichever is greater.

The most we will pay for "valuable papers and records" not at the described premises is:

- (a) 25% of the valuable papers and records limit of insurance described above; or
- (b) \$10,000  
whichever is less.

**F. Accounts Receivable.**

Paragraph **A.6.f.(2)** Accounts Receivable is replaced by the following:

The most we will pay under this Coverage Extension for loss or damage to accounts receivable in any one occurrence at the described premises is:

- (a) \$35,000; or
- (b) the Limit of Insurance shown for Accounts Receivable in the Declarations; whichever is greater.

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

**VII. The following items are added to the Coverage Extensions section of Part A. Coverage:**

**A. Brands and Labels.**

The following is added to the Loss Payment provisions of Part **E.** Property Loss Conditions.

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, and we take all or part of the property at an agreed or appraised value, you may extend the insurance that applies to Business Personal Property to pay expenses you incur to:

1. stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
2. remove the brands and labels, if doing so will not physically damage the merchandise or its containers to comply with the law.

Payment of these expenses is included within the applicable Limit of Insurance.

**B. Cellular Phones and Personal Digital Assistant (PDA).**

1. The most we will pay for loss or damage to Cellular Phones, PDA's, and similar hand-held wireless communication devices is \$1,000.
2. A \$50 per occurrence deductible applies to this additional coverage. This deductible does not increase the amount of the deductible shown in the Declarations and will be used to satisfy the requirements of the deductible shown in the Declarations.

**C. Consequential Loss to Stock.**

The following is added to the Loss Payment provisions of Part **E.** Property Loss Conditions:

If a Covered Cause of Loss occurs to covered stock, we will pay any reduction in value of the remaining undamaged parts of covered stock.

Payment for any reduced value in stock is included within the applicable Limit of Insurance.



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**D. "Fine Arts".**

You may extend the insurance which applies to Your Business Personal Property to apply to "Fine Arts" that are:

1. Property you own that is used in your business; or
2. Property of others that is in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$ 10,000 at each described premises; or the Limit of Insurance shown for "Fine Arts" in the Declarations; whichever is greater.

In the event of loss or damage to property covered under this extension, we will pay the market value of the property at the time of loss or damage.

Section B. Exclusions of the Property Coverage Form does not apply to this Coverage Extension except for:

- (1) Paragraph **B.1.c.**, Governmental Action;
- (2) Paragraph **B.1.d.**, Nuclear Hazard;
- (3) Paragraph **B.1.f.**, War and Military Action;
- (4) Paragraph **B.2.f.**, Dishonesty;
- (5) Paragraph **B.2.g.**, False Pretense; and
- (6) Paragraph **B.2.k.**, Neglect.

**E. Lock Replacement.**

You may extend the insurance provided by this policy to apply to the cost to repair or replace the door locks or tumblers of your described premises due to theft of your door keys.

**F. Loss Adjustment Expenses.**

You may extend the insurance provided by this policy to apply to your expenses for preparation of loss data, including inventories and appraisals, in connection with any claim covered under this policy. This Extension will not pay for expenses incurred insuring the services of a public adjuster.

The most we will pay under this Extension is \$5,000.

**G. Water Back-Up And Sump Overflow.**

1. You may extend the insurance provided by this policy to apply to direct physical loss or damage to your property caused by or resulting from:

- a. Water or waterborne material which backs up through or overflows or is otherwise discharged from a sewer or drain; or
- b. Water or waterborne material which overflows or is otherwise discharged from a sump, sump pump or related equipment even if the overflow results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph **b.** above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

2. The coverage described in Paragraph **1.** above does not apply to loss or damage resulting from an Insured's failure to:

- a. Keep a sump pump or its related equipment in proper working condition; or
- b. Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

3. The most we will pay for the coverage provided under the Water Back-Up And Sump Overflow Extension of coverage is \$25,000 per location.

4. With respect to the coverage provided under this Extension, the Water Exclusion in the Property Coverage Form is replaced by the following exclusion:

- (1) Flood, surface water, waves (including tidal waves and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow; or
- (3) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

- (4) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph 1. or 3., or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above in Paragraphs 1. through 4. is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

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

#### VIII. Limits of Insurance

A. Paragraph 3. Of Part C. Limits of Insurance, is changed as follows:

3. Unless otherwise stated, the limits applicable to the Coverage Extensions and Computer Equipment, Employee Dishonesty, Employee Tools, Fire Department Service Charge, Fire Extinguisher Systems Recharge Expense, Forgery and Alterations, Money and Securities, Money Order and Counterfeit Money, Off Premises Power Failure, Ordinance or Law Coverage, Pollutant Clean Up and Removal and Reward, Additional Coverages are in addition to the Limits of Insurance.

B. Business Personal Property Limit - Seasonal Increase Paragraph 5.a. of Part C. Limits of Insurance, is replaced by the following:

- a. The Limit of Insurance for Business Personal Property will automatically increase by 33% to provide for seasonal variations.

#### IX. Deductible

Paragraphs 2. and 3. Of Part D. Deductibles are replaced by the following:

2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage is \$500 in any one occurrence under:

- a. the following Additional Coverages:
- (1) Employee Dishonesty;
  - (2) Glass Coverage;
  - (3) Forgery and Alterations Coverage;
  - (4) Money Orders and Counterfeit Paper Money;
  - (5) Money and Securities;
  - (6) Outdoor Signs; or
  - (7) Condominium Unit-Owners Loss Assessment

But this \$500 deductible will not increase the deductible shown in the Declarations. This deductible will be used to satisfy the requirements of the deductible in the Declarations.

3. No deductible applies to:

- a. the following Additional Coverages:
- (1) Business Income;
  - (2) Civil Authority;
  - (3) Extra Expense;
  - (4) Fire Department Service Charge;
  - (5) Fire Extinguisher Systems Recharge Expense;
  - (6) Off Premises Power Failure;
  - (7) Reward; or
- b. the following Coverage Extensions:
- (1) Lock Replacement; or
  - (2) Loss Adjustment Expenses.
- c. A. \$ 50 per occurrence deductible applies for "Cellular Phone" Coverage. But this \$ 50 per occurrence deductible will not increase the deductible shown in the Declarations. This deductible will be used to satisfy the requirements of the deductible in the Declarations.

X. Paragraph 5. LOSS PAYMENT of E. Property Loss Conditions is replaced by the following:

5. Loss Payment.

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

- a. At our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to d.(1)(a) below.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Except as provided in Paragraphs (2) through (8) below, we will determine the value of Covered Property as follows:
  - (1) At replacement cost (without deduction for depreciation), subject to the following:
    - (a) We will not pay more for loss or damage on a replacement cost basis than the least of:
      - (i) The Limit of Insurance under Section I - Property that applies to the lost or damaged property;
      - (ii) The cost to replace, on the same premises, the lost or damaged property with other property:
        - i. Of comparable material and quality; and
        - ii. Used for the same purpose; or
      - (iii) The amount you actually spend that is necessary to repair or replace the lost or damaged property. If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.
    - (b) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
    - (c) We will not pay on a replacement cost basis for any loss or damage:
      - (i) Until the lost or damaged property is actually repaired or replaced; and
      - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of Paragraph d.(1)(a) whether or not the actual repair or replacement is complete.
    - (d) 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.
  - (2) If the "Actual Cash Value - Buildings" option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings, instead, we will determine the value of Buildings at actual cash value.
  - (3) The following property at actual cash value:
    - (a) Used or second-hand merchandise held in storage or for sale;
    - (b) Household contents, except personal property in apartments or rooms furnished by you as landlord; or
    - (c) Manuscripts.
  - (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac at market value at the time of loss.
  - (5) Glass at the cost of replacement with safety glazing material if required by law.

(6) Tenants' Improvements and Betterments and/or Undamaged Tenants Improvements and Betterments at:

- (a) The cost to repair or replace on the same or another site if you make repairs promptly;
- (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
  - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
  - (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

(7) Applicable only to coverage for "money" and "securities":

- (a) "Money" at its face value; and
- (b) "Securities" at their value at the close of business on the day the loss is discovered.

(8) Applicable only to Accounts Receivable:

- (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
  - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
  - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
  - (i) The amount of the accounts for which there is no loss or damage;
  - (ii) The amount of the accounts that you are able to re-establish or collect;
  - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
  - (iv) All unearned interest and service charges.

e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property.

We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all the terms of this policy, and

- (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

## XI. Property Definitions

Paragraph 9. "Period of Restoration," of Part H. Property Definitions, is replaced by the following:

9. "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



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- b. Ends on the earlier of:
    - (1) The date when your business activities at the described premises return to the level that existed immediately before the loss; but in no event for more than 30 days after 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.
  - c. 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".

## XII. Property Definitions

The following is added to Part H. Property Definitions:

- 15. "Fine Arts" means paintings, etchings, pictures, tapestries, art or stained glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, sports memorabilia and any other similar property of rarity, historic value or artistic merit.

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