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ATTORNEYS FOR PLAINTIFF

KEENAN AUTO SALES INC. D/B/A KEENAN :
HONDA; KEENAN MOTORS, LTD; :
PRECISION AUTO CENTER, LTD D/B/A :
KEENAN COLLISION CENTER, :

PLAINTIFFS, :

v. :

ERIE INSURANCE COMPANY D/B/A/ :
ERIE INSURANCE GROUP; ERIE :
INDEMNITY COMPANY D/B/A/ ERIE :
INSURANCE EXCHANGE; ERIE INSURANCE :
PROPERTY AND CASUALTY COMPANY; AND :
BRAD BORNEMAN, BODY-BORNEMAN :
INSURANCE, INC.; AND BODY-BORNEMAN :
ASSOCIATES, INC., :

DEFENDANTS. :

**COURT OF COMMON PLEAS
PHILADELPHIA COUNTY**

CIVIL ACTION

JURY TRIAL DEMANDED

NOTICE TO PLEAD

NOTICE

AVISO

You have been sued in Court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the Court without further notice for any money claimed in the complaint or for any other claim or relief requested by the

Le han demandado a usted en la corte. Si usted quiere defenderse de estas demandas expuestas en las paginas siguientes, usted tiene veinte (20) dias de plazo al partir de la fecha de la demanda y la notificacion. Hace falta asentar una comparecencia escrita o en persona o con un abogado y entregar a la corte en forma escrita sus defensas o sus objeciones a las demandas en contra de su persona. Sea avisado que si usted no se defiende, la corte tomara medidas y puede continuar la demanda en contra suya sin previo aviso o notificacion. Ademas, la corte puede decidir a favor del

plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW. THIS OFFICE CAN PROVIDE YOU WITH INFORMATION ABOUT HIRING A LAWYER.

IF YOU CANNOT AFFORD TO HIRE A LAWYER, THIS OFFICE MAY BE ABLE TO PROVIDE YOU WITH INFORMATION ABOUT AGENCIES THAT MAY OFFER LEGAL SERVICES TO ELIGIBLE PERSONS AT A REDUCED FEE OR NO FEE.

PHILADELPHIA BAR ASSOCIATION
LAWYER REFERRAL AND INFORMATION
SERVICE
1101 Market Street
Philadelphia, Pennsylvania 19107
Telephone: 215-238-6300

demandante y requiere que usted cumpla con todas las provisiones de esta demanda. Usted puede perder dinero o sus propiedades u otros derechos importantes para usted.

LLEVE ESTA DEMANDA A UN ABOGADO INMEDIATAMENTE. SI NO TIENE ABOGADO O SI NO TIENE EL DINERO SUFICIENTE DE PAGAR TAL SERVICIO, VAYA EN PERSONA O LLAME POR TELEFONO A LA OFICINA CUYA DIRECCION SE ENCUENTRA ESCRITA ABAJO PARA AVERIGUAR DONDE SE PUEDE CONSEGUIR ASISTENCIA LEGAL.

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ASSOCIATES, INC.,	:	
	:	
DEFENDANTS.	:	

COMPLAINT

Plaintiffs Keenan Auto Sales Inc. d/b/a Keenan Honda; Keenan Motors, Ltd; and Precision Auto Center, Ltd d/b/a Keenan Collision Center; (“Plaintiffs” or “Keenan”), by and through their attorneys, First Law Strategy Group, LLC, hereby brings this action seeking relief from Erie Insurance Company d/b/a Erie Insurance Group; Erie Indemnity Company d/b/a Erie Insurance Exchange; and Erie Insurance Property and Casualty Company (“Erie Defendants” or “Erie”) and Brad Borneman, Body-Borneman Insurance, Inc., and Body-Borneman Associates, Inc. (“Body-Borneman”) (together with Erie, “Defendants”) for

wrongfully denying their claims for Business Income and Extra Expense coverage resulting from losses sustained due to the ongoing COVID-19 pandemic, and as against Body-Borneman, claims for negligence and negligent misrepresentation. Plaintiffs allege as follows, based upon personal knowledge as to themselves and its own acts and experiences, and, as to all other matters, upon information and belief, including investigation conducted by their attorneys and, in support of those claims, aver the following:

INTRODUCTION

1. Plaintiffs Keenan are in the business of operating car dealerships and auto repair centers in Doylestown, Pennsylvania since 1984.

2. In May 2019, Keenan began exploring insurance options with an insurance broker, Brad Borneman of Body-Borneman Associates and Body-Borneman Insurance, to place their then-existing various business insurance policies (with Zurich Insurance) with different carriers, as their policy was set to expire on or about February 2020. Although Keenan had once spoken with Borneman in December of 2017, they had decided against employing his services at that time.

3. Thereafter, beginning in and around January 2020, Keenan began to have difficulty obtaining car parts for repairs, due to Chinese and South Korean Manufacturers of said parts being shut down as a result of the novel coronavirus, now known as “COVID-19.” This caused Keenan great concern, and Keenan’s managers raised the question amongst themselves and with Mr. Borneman, as to whether Keenan would be adequately prepared and insured in the event that COVID-19 spread to the United States, and more specifically, to Pennsylvania.

4. As a result, in meetings between Keenan employees, managers, and executives with Mr. Borneman on or around February 24, 2020, Keenan specifically asked about whether

they would be covered for losses due to the closure and/or interruption of their regular business operations resulting from the potential spread of COVID-19 and/or any governmental response to an outbreak of the said virus. On more than one occasion during those conversations, Mr. Borneman specifically stated such coverage was available through Erie Insurance, and that he could procure such coverage for Plaintiffs. Relying on Mr. Borneman's representations in those meetings and in subsequent e-mail correspondence, Keenan not only instructed Mr. Borneman to obtain said coverage, but to increase their Business Income Interruption Insurance coverage limits from its initial requested amount of \$15 million dollars to \$23.5 million dollars.

5. In addition, Plaintiffs requested, believed, or reasonably expected that they were receiving a "Civil Authority Closure Rider" to the Income Protection Policy (as was included with their then-current, almost-expired Zurich insurance), which would protect them in the event of a government-authorized shutdown. On February 28, Mr. Borneman wrote Keenan to verify that their coverage was bound. *See* February 28, 2020 email from B. Borneman to M. Wilson (Keenan), a true and correct copy of which is attached hereto, made a part hereof and marked as Exhibit "A" (stating: "Coverage is bound.").

6. Mr. Borneman never showed Keenan (nor any of Keenan's employees, officers, managers, directors nor any other representatives), a copy of what their actual Policy language would be prior to their purchase of the Policy and its riders, and in fact, did not send a copy of the bound Policy to any of the Plaintiffs until months later.¹ Mr. Borneman did send the first few pages of the Erie UltraFlex Property coverage to Plaintiffs on February 27, 2020, stating that "Erie is very broad in its definition" of "Additional Income Protection." *See* Feb. 27, 2020 B. Borneman email, a true and correct copy of which is attached hereto, made

¹ Mr. Borneman did not send the Policy to Keenan, despite their repeated requests, until April 2, 2020.

a part hereof and marked as Exhibit “B.” The language sent by Mr. Borneman contained no exclusions applicable to the Additional Income or Extra Expenses Protection. Plaintiffs relied on this “broad” language and Mr. Borneman’s assurances that this “broad” language would cover them in the case of a government-authorized shutdown in the face of a global pandemic. As a result, Plaintiffs reasonably expected that they would have Additional Income and Extra Expenses Protection insurance coverage dating from February 28, 2020 (the date Mr. Borneman confirmed that coverage was bound. *See* Exhibit A).

7. Following Governor Wolf’s March 19, 2020 Order shutting down all non-essential businesses,² including Plaintiffs’ new and used auto sales, Keenan contacted Mr. Borneman and requested that he make the necessary claims to Erie for their business interruption claims. Though Mr. Borneman submitted the claim to Erie, Plaintiffs’ claims for coverage were denied in writing by Erie on April 10, 2020, with Erie stating that there was “no direct physical loss to your building or business personal property” and that the Policy specifically “excludes coverage for damage cause by virus, bacterium, or microorganism.” *See* April 10, 2020 Erie Ltr., a true and correct copy of which is attached hereto as Exhibit “C.” Erie denied these claims without first conducting any meaningful coverage investigation and without providing Plaintiffs a full and complete copy of the written insurance policy.³

8. As a result of Defendants’ wrongful acts and denial of coverage, Plaintiffs bring this action against Erie for declaratory judgment seeking an Order of this Court declaring that Plaintiffs are entitled to insurance coverage for their losses due to: the COVID-19

² Plaintiffs were able to keep their Service and Collision Center open as it was deemed an essential service. Still, those entities also experienced loss of Business Income due to the COVID-19 pandemic, and thus remain a part of this lawsuit. *See* March 19, 2020 Executive Order of Tom Wolf, Governor, Commonwealth of Pennsylvania, a true and correct copy of which is attached hereto, made a part hereof and marked as Exhibit “D.”

³ In fact, Erie denied the Plaintiffs claims by telephone on March 24, 2020, 16 days before it sent its formal denial letter, and 27 days before Plaintiffs received a copy of the insurance policy in question.

pandemic; the orders of Governor Wolf relating to that pandemic; and the ensuing public health crisis. Plaintiffs also bring a breach of contract claim under their Property Coverage Form to indemnify Plaintiffs for Business Income losses and Extra Expenses.

9. Plaintiffs also bring this action against their independent insurance broker, Bradley Borneman and his insurance brokerage companies, Body-Borneman Associates, Inc. and Body-Borneman Insurance, for negligence and, in the alternative, for negligent misrepresentation, resulting from their failure to successfully procure the insurance coverages specifically requested by Plaintiffs, and inducing them to purchase coverage that Mr. Borneman represented would insure Plaintiffs in the event of losses caused by the spread of COVID-19 in the United States and Pennsylvania, and any consequential damages caused by any governmental actions taken to mitigate the spread of the virus.

THE PARTIES

10. Plaintiff Keenan Auto Sales Inc. d/b/a Keenan Honda is a corporation incorporated under the laws of the Commonwealth of Pennsylvania since 1989, with its principal place of business located at 4311 W. Swamp Road Doylestown, PA 18902.

11. Plaintiff Keenan Motors, Ltd. is a corporation incorporated under the laws of the Commonwealth of Pennsylvania since 1984, with its principal place of business located at 3664 N. Easton Road Doylestown, PA 18902.

12. Plaintiff Precision Auto Center, Ltd d/b/a Keenan Collision Center is a closely held corporation incorporated under the laws of the Commonwealth of Pennsylvania since 1988, with its principal place of business located at 4037 E Swamp Road Doylestown, PA 18902.

13. At all times relevant to the claims herein, Plaintiffs were and are insureds of Erie pursuant to a contract of insurance with Erie known as the Erie Ultraflex Insurance

Policy, and its integrated documents. *See* Erie Ultraflex Policy of Insurance effective March 1, 2020, bearing Policy number Q39-01555630A, a true and correct copy of which is attached hereto, made a part hereof and marked as Exhibit “E” (the “Policy”).

14. Defendant Erie Insurance Company d/b/a Erie Insurance Group is a corporation incorporated under the laws of the Commonwealth of Pennsylvania since 1972, with a principal place of business located at 100 Erie Insurance Place Erie, PA 16530.

15. Defendant Erie Indemnity Company d/b/a Erie Insurance Exchange is a corporation incorporated under the laws of the Commonwealth of Pennsylvania since 1925, with a principal place of business located at 100 Erie Insurance Place Erie, PA 16530.

16. Defendant Erie Insurance Property and Casualty Company is a corporation incorporated under the laws of the Commonwealth of Pennsylvania since 1925, with a principal place of business located at 100 Erie Insurance Place Erie, PA 16530.

17. The Erie Defendants are licensed to sell, and do sell, a variety of insurance products throughout all 67 counties in the Commonwealth of Pennsylvania, including but not limited to, the type of “Ultraflex” Policy sold to Plaintiffs in this case.

18. Defendant Bradley Borneman (“Mr. Borneman”) is an adult individual and citizen of the Commonwealth of Pennsylvania, who is identified as President of the Body-Borneman Insurance, Inc., and is licensed by the Commonwealth of Pennsylvania, to sell insurance throughout the Commonwealth of Pennsylvania.

19. Defendant Body-Borneman Insurance is a corporation incorporated under the laws of the Commonwealth of Pennsylvania, with a principal place of business located at 17 E Philadelphia Ave Boyertown, PA 19512.

20. Defendant Body-Borneman Associates, Inc. is a corporation incorporated under the laws of the Commonwealth of Pennsylvania, also with a principal place of business located at 17 E Philadelphia Ave Boyertown, PA 19512.

21. At all material times, Mr. Borneman acted as an agent, employee, servant, officers, director and/or other representative of the Body-Borneman entities which are vicariously liable for all conduct of Mr. Borneman under *respondeat superior* principles.

JURISDICTION AND VENUE

22. This action has been commenced within the original subject matter jurisdiction of the Court of Common Pleas pursuant to 42 P.S. § 931.

23. Defendants regularly and systematically conduct business within Pennsylvania and personal jurisdiction is, therefore, properly exercised over Defendants.

24. Venue is proper in this Court pursuant to Pa. R. Civ. P. 1006 as it is a county in which Defendants regularly and systematically conduct business.

FACTUAL BACKGROUND

The Plaintiffs' purchase of Erie Ultraflex insurance to protect against Business Losses resulting from the COVID-19 pandemic and ensuing government shutdown.

25. In May 2019, Keenan began exploring options with Mr. Borneman, an insurance broker it had met in 2017 (though did not engage at that time), to update its insurance coverage for its two (2) auto dealerships and attached two (2) service centers, one (1) collision center, and two (2) lots used for storage. These discussions and correspondence continued into and through the summer of 2019.

26. On August 6, 2019, Mr. Borneman prepared a proposal for an insurance policy, effective September 1, 2019. *See* August 6, 2019 Proposal a true and correct copy of which is attached hereto, made a part hereof and marked as Exhibit "F." This proposal compared policies by Erie and Travelers, and included income protection limits for a total of

\$15 million dollars. *See id.*, at pp. 3 and 5. Keenan never responded to this proposal, and that proposal lapsed by its terms.

27. Thereafter, beginning in January 2020, Keenan began to have difficulty obtaining car parts for repairs due to COVID-19, resulting from the shut-down of Chinese manufacturers of such parts. This caused Keenan great concern, and Keenan's managers raised the question amongst themselves and their insurance broker, Mr. Borneman, as to whether Keenan would be adequately prepared in the case that the COVID-19 virus was to spread in the United States, particularly within the Commonwealth of Pennsylvania, and how this might adversely affect their businesses.

28. On February 24, 2020, Kevin Post (Vice President of Keenan Motor Group), Maureen Weiner (Keenan's Controller), and Michelle Wilson (Keenan's Insurance Administrator) met with Mr. Borneman to discuss these issues and to obtain an updated proposal, to be effective March 1.⁴ At this meeting, and at a subsequent meeting on February 27, 2020, the Keenan representatives specifically inquired into whether Keenan would be covered if COVID-19 caused their businesses to close. *See* March 27 K. Post email, a true and correct copy of which is attached hereto, made a part hereof and marked as Exhibit "G" (Post explaining how he asked these questions "multiple times in each meeting.") Mr. Borneman specifically stated such coverage was available through Erie Insurance, and that he could obtain such coverage for Plaintiffs. *See id.*

29. Keenan asked Mr. Borneman to look into the details of increasing Keenan's Business Income Interruption insurance if COVID-19 were to cause such an interruption, and what the wait times would be if a government shutdown were to occur. *See* Feb. 25 email M. Wilson email notes, a true and correct copy of which is attached hereto, made a part hereof

⁴ On March 1, 2020, Keenan's current policy with Zurich Insurance was to expire.

and marked as Exhibit “H.” As Ms. Wilson notes, Keenan was hoping for a Business Interruption wait time of 24-48 hours. *See id.* She also noted that she would like to increase the Business Income limits, bringing the total amount to \$23.5 million dollars, because Erie’s policy included Auto Sales income (while their previous Zurich policy did not include such coverage).

30. That same day, February 25, 2020, in response to Plaintiff’s requests to have a 24 hour wait time for Business Income Interruption coverage, Mr. Borneman wrote to Ms. Wilson, “Well, I got an answer on the Business Income. The 72 hour wait only applies to Civil Authority restrictions. Examples would be the State closes roads or businesses due to health concerns. Erie’s coverage starts at day 1.” *See* Feb. 25 Borneman email, a true and correct copy of which is attached hereto, made a part hereof and marked as Exhibit “I.”

31. Also on February 27, 2020, in response to Ms. Wilson’s inquiries as to if language of the proposed policy would cover Keenan in the case that a potential COVID-19 pandemic could cause a government shutdown, Mr. Borneman sent Ms. Wilson an Erie Ultraflex Policy, stating, “See page 3. ‘Additional Income Protection.’ Erie is very broad in its definition.” *See* Exhibit B. **Importantly, Mr. Borneman attached language from a proposed Erie Insurance policy that contained no exclusions applicable to the Additional Income or Extra Expenses Protection.**

32. Relying on Mr. Borneman’s representations in those February meetings and from his subsequent e-mail traffic, Plaintiff opted to purchase the Erie Ultraflex Insurance policy, and, among other changes, to increase its Business Income Interruption Insurance from \$15 million dollars to \$23.5 million dollars. It was also Keenan’s understanding that they had purchased a Civil Authority Closure Rider that would protect them against a government-mandated shutdown, as they previously had discussed. *See* Exhibits G, I.

33. In February, in exchange for a substantial premium, Defendant Body-Borneman procured an insurance policy from Erie, Policy Q390155563A to Plaintiffs, for the policy period between March 1, 2020 and March 1, 2021 (the “Policy”). *See* Exhibit E.

34. On February 28, Mr. Borneman wrote Keenan to verify that their coverage was bound. *See* Exhibit A.⁵

The Erie Ultraflex Policy

35. The Policy contained the Ultraflex Property Coverage Form, which included several additional coverages, including “Income Protection” (*see* Exhibit E, at 30); “Extra Expense” (*id.*); and “Civil Authority,” (*id.* at 32).

36. The Policy covers Plaintiffs’ premises located at the addresses listed above.

37. Plaintiffs have performed all of its obligations under the Policy, including the payment of premiums.

38. The Policy is an “all-risk” policy, meaning that it covers all risk of loss unless the risk is expressly and specifically excluded. *See* Exhibit E, Section II- Perils Insured Against, at p. 33 (“This policy insures against direct physical “loss”, except “loss as excluded or limited in this policy.”).

39. Under the Ultraflex Property Coverage Form, Erie Defendants agreed to “pay the actual loss of ‘income’”⁶ (*See* Exhibit E, Ultraflex Property Coverage Form, Section I— Coverages, Additional Income Protection- Coverage 3 § D, at p. 32) sustained by Plaintiffs

⁵ As noted, *supra*, despite Plaintiffs’ multiple attempts to both Mr. Borneman and Erie to request the actual Policy (*See* March 27 email and April 1, 2020 letter correspondence, true and correct copies of which are attached hereto, made a part hereof and marked as Exhibits “J” and “K”), they did not receive a copy of this Policy until April 2, 2020, more than a month after the Policy went into effect.

⁶ “Income” is defined in relevant part as “the sum of net income (net profit or loss before income taxes) that would have been earned or incurred and necessary continuing operating expenses incurred by the business such as payroll expenses, taxes, interests, and rents.” *See* Exhibit I, Section XI- Definitions, at p. 63.

“due to partial or total ‘interruption of business’⁷ resulting directly from ‘loss’⁸ or damage to property” at Plaintiffs’ premises. *See id.*, Section I- Coverages, Additional Income Protection-Coverage 3 § A, at p. 30 (hereinafter “Business Income” coverage).

40. Under the Ultraflex Property Coverage Form, Defendant also promised to “pay necessary actual and necessary ‘extra expenses’⁹ sustained by [Plaintiffs] to (1) [a]void or minimize the ‘interruption of business’ and to continue your business operations... [and] (2) [m]inimize the ‘interruption of business’ if [Plaintiffs] cannot continue [its] business operations to the extent it reduces the amount of loss that would have been payable under loss of ‘income’ and/or ‘rental income.’” *See id.*, Section I- Coverages, Additional Income Protection-Coverage 3 § B (hereinafter “Extra Expense” coverage).

41. Under the Ultraflex Property Coverage Form, Erie Defendants also promised to pay for “the actual loss of ‘income’... and necessary ‘extra expense’ caused by action of civil authority that prohibits access to” the insured premises. *See id.*, Section I - Coverages, Additional Income Protection – Coverage 3 § C.1 (hereinafter “Civil Authority” coverage). This Civil Authority coverage is triggered when a non-excluded risk “causes damage to property other than property at the [insured premises]” and both of the following apply: “(a) [a]ccess to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the [insured premises] are within that area but are not more than one mile from the damaged property; and (b) [t]he action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of

⁷ “Interruption of Business” under the Income Protection coverage is defined as “the period of time that your business is partially or totally suspended.” *Id.*

⁸ “Loss” is defined as “direct and accidental loss of or damage to covered property.” *Id.*

⁹ “Extra expense” means “necessary expenses you incur due to partial or total ‘interruption of business’ resulting directly from ‘loss’ or damage to property” on Plaintiffs’ premises. *See id.*

the peril insured against that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.” *Id.*

42. The Plaintiffs’ Ultraflex Property Coverage Form also contains specific exclusions, including an exclusion: “16. By or resulting from any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness or disease.” *See id.*, Section III – Exclusions, B.16, at p. 36 (hereinafter, “Virus Exclusion”).

COVID-19 Spread and Subsequent Government Shutdown

43. For years, if not decades, the Center for Disease Control and Prevention (“CDC”) along with the World Health Organization (“WHO”) have been warning about the possibility of an airborne virus that could cause a worldwide pandemic.

44. COVID-19 is a highly contagious airborne virus that has rapidly spread and continues to spread across Pennsylvania and the United States.

45. COVID-19 is a physical substance and an organic human pathogen that travels through respiratory droplets. The virus physically transforms the air exposed to it and attaches itself to surfaces and structures.

46. The transmission of COVID-19 mainly occurs through contact and droplet transmission and airborne transmission, but the virus may also spread by touching a surface or object that has the virus on it and then touching their own mouth, nose or eyes – and the virus has been shown to survive on these surfaces for periods ranging from hours to days.¹⁰ Recent information on the CDC’s website provides that COVID-19 spreads when people are

¹⁰ Also, at the start of the pandemic in March, scientists attributed more of a spread of the disease via fomites than is now thought: *see* E. Goldman, “Exaggerated risk of transmission of COVID-19 by fomites,” available at [https://www.thelancet.com/pdfs/journals/laninf/PIIS1473-3099\(20\)30561-2.pdf](https://www.thelancet.com/pdfs/journals/laninf/PIIS1473-3099(20)30561-2.pdf) (last visited October 20, 2020).

within six feet of each other, through airborne transmission, or (though less commonly) when a person comes in contact with a surface or object that has the virus on it.¹¹

47. According to a scientific study in *The New England Journal of Medicine*, the coronavirus responsible for the COVID-19 disease- SARS-CoV-2- can physically infect and survive on surfaces for up to 72 hours.¹² Scientists are still working to figure out what the infectious dose requirement is to actually cause an infection from touching such surfaces.¹³

48. Southeastern Pennsylvania (which includes Montgomery, Bucks, Chester, Delaware and Philadelphia counties) has been particularly affected by the COVID-19 outbreak, as the area has sustained a total of 76,767 confirmed cases, which comprises 43% of the total cases *of the entire state*, or 177,409.¹⁴

49. COVID-19 is known to be highly contagious. While in some cases asymptomatic, COVID-19 also causes severe and, sometimes, fatal, respiratory failure. Southeastern Pennsylvania has also been hard-hit with fatalities: as of October 20, 2020, approximately 4,519 of the 8,533 total known deaths in Pennsylvania due to COVID-19 have occurred in the five-county area (*i.e.*, approximately 52%, or more than half).¹⁵

¹¹ Center for Disease Control and Prevention, “How COVID-19 Spreads,” available at <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/how-covid-spreads.html> (last visited on October 20, 2020).

¹² Neeltje van Doremalen, Ph.D., *et. al.*, “Aerosol and Surface Stability of SARS-CoV-2 as Compared with SARS CoV-1,” *The New England Journal of Medicine* (Apr. 16, 2020), available at <https://www.nejm.org/doi/full/10.1056/NEJMc2004973> (last visited on October 20, 2020).

¹³ “How Long Will Coronavirus Survive on Surfaces?” (August 5, 2020), available at <https://health.clevelandclinic.org/how-long-will-coronavirus-survive-on-surfaces/> (last visited October 20, 2020).

¹⁴ See Pennsylvania Department of Health, “PA Coronavirus (COVID-19) Update Archive” (August 18, 2020) available at <https://www.health.pa.gov/topics/disease/coronavirus/Pages/Archives.aspx> (last visited on August 18, 2020).

¹⁵ See, n.14, *supra*. Interestingly, by May 3, closer to the start of the pandemic, the rate of death in Southeastern PA was only slightly higher, at 58%. *Id.*

50. On March 11, 2020, the WHO declared that the emerging threat of COVID-19 constituted a global pandemic.¹⁶

Pennsylvania Closure Orders

51. On March 6, 2020, Pennsylvania Governor Tom Wolf issued a Proclamation of Disaster Emergency, the first formal recognition of an emergency situation in the Commonwealth as a result of COVID-19.¹⁷

52. On March 16, 2020, Governor Wolf “strongly urged” non-essential businesses across the state to close for at least 14 days to help mitigate the spread of COVID-19.¹⁸ “Essential” businesses did not include auto dealerships of any kind. *Id.*

53. Then, on March 19, 2020 Governor Wolf issued an Order requiring all non-life-sustaining businesses in Commonwealth to cease operations and close all physical locations. Businesses that were permitted to remain open were required to follow “social distancing practices and other mitigation measures defined by the Centers for Disease Control.”¹⁹

54. On March 23, 2020, Governor Wolf issued a Stay-at-Home Order for residents of Philadelphia, Allegheny, Bucks, Chester, Delaware, Monroe, and Montgomery Counties.²⁰

¹⁶ WHO Director-General’s opening remarks at the media briefing on COVID-19, 11 March 2020, World Health Organization, available at <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020> (last visited on October 20, 2020).

¹⁷ See Wolf March 6 Proclamation, available at <https://www.governor.pa.gov/wp-content/uploads/2020/03/20200306-COVID19-Digital-Proclamation.pdf> (last visited October 20, 2020).

¹⁸ See <https://www.governor.pa.gov/newsroom/wolf-administration-updates-businesses-on-guidance-for-covid-19-mitigation-efforts/> (last visited on October 20, 2020).

¹⁹ See March 19 Wolf Order, available at <https://www.scribd.com/document/452416027/20200319-TWW-COVID-19-Business-Closure-Order> (last visited October 20, 2020); see also Exhibit D.

²⁰ See March 23 Wolf Order, available at <https://www.governor.pa.gov/wp-content/uploads/2020/03/03.23.20-TWW-COVID-19-Stay-at-Home-Order.pdf> (last visited October 20, 2020).

55. On that same date, the Pennsylvania Department of Health issued a similar Order, noting that “operation of non-life-sustaining businesses present the opportunity for unnecessary gatherings, personal contact and interaction that will increase the risk of transmission and the risk of community spread of COVID–19.”²¹ That notice stated that “exposure [to COVID-19] is possible by touching a surface or object that has the virus on it and then touching one’s mouth, nose, or eyes.” *Id.*

56. On April 1, 2020, Governor Wolf extended the March 23, 2020 Stay at Home Order to the entire Commonwealth of Pennsylvania.²²

57. Then, on April 8, 2020, the Governor extended the statewide Stay at Home Order until May 8, 2020.²³

58. These Orders, as they relate to the closure of all “non-life-sustaining businesses,” evidenced an awareness on the part of both state and local governments that COVID-19 causes damage to property. This is particularly true in places where business is conducted, such as Plaintiff’s, as the requisite contact and interaction causes a heightened risk of the property becoming contaminated. In addition, these Emergency Orders have the effect of causing a direct “loss” of the Plaintiff’s real property, as, taken together, the Orders prohibit Plaintiff’s use of the property and further prohibit Plaintiffs from entering their own premises for the purpose of conducting business. As such, these Orders are akin to governmental “taking” of the Plaintiff’s property through the exercise of the Commonwealth’s eminent domain owner.

²¹ See March 23 Pennsylvania Department of Health Order, available at <https://www.governor.pa.gov/wp-content/uploads/2020/03/03.23.20-SOH-Stay-at-Home-Order.pdf> (last visited October 20, 2020).

²² See April 1 Wolf Order, available at <https://www.governor.pa.gov/wp-content/uploads/2020/04/20200401-GOV-Statewide-Stay-at-Home-Order.pdf> (last visited October 20, 2020).

²³ See April 20 Wolf Amendment to April 1 2020 Order, available at <https://www.governor.pa.gov/wp-content/uploads/2020/04/20200420-GOV-Stay-at-Home-Order-Amendment.pdf> (last visited October 20, 2020).

59. The Governor of the Commonwealth of Pennsylvania is a civil authority as contemplated by the Policy.

60. Following the closure Orders cited above (hereinafter “Closure Orders”), and in response to a challenge to Governor Wolf’s power to order the shutdown of certain businesses, the Pennsylvania Supreme Court ruled that the Governor is granted broad powers under the State’s Emergency Code to protect the public from “damage, injury and loss of life and property resulting from disasters.” It also stated that the COVID-19 pandemic is akin to a “natural disaster,” namely because, like other identified natural disasters, it involves “**substantial damage to property, hardship, suffering, or possible loss of life.**”²⁴ The Court found that because the virus is spread from person-to-person contact, has an incubation period of up to fourteen days, and can live on surfaces for up to four days, any location, including an individual business, is within a disaster area and is thus damaged. *Id.*

61. Other governmental authorities and public health officials around the country have similarly acknowledged that the spread of COVID-19 causes direct physical loss and damage to property. For example:

- a. The Mayor of New York City, Bill DeBlasio, issued New York City Emergency Executive Order No. 100, which specifically stated that “**the virus physically is causing property loss and damage.**”²⁵
- b. The State of Colorado issued a public health order indicating that “COVID-19 ... **physically contributes to property loss, contamination, and damage...**”²⁶ (Emphasis added);
- c. Broward County, Florida issued an emergency order acknowledging that COVID-19 “is **physically causing property damage.**”²⁷ (Emphasis added);

²⁴ *Friends of DeWito v. Wolf*, No. 68 MM 2020, 2020 WL 1847100, at 10 (Pa. Apr. 13, 2020).

²⁵ Available at <https://www1.nyc.gov/assets/home/downloads/pdf/executive-orders/2020/eo-100.pdf> (last visited October 20, 2020).

²⁶ Available at <https://www.colorado.gov/governor/sites/default/files/inline-files/D%202020%20032%20Extending%20D%202020%20003.pdf> (last visited October 20, 2020).

²⁷ Available at <https://www.broward.org/CoronaVirus/Documents/BC-EmergencyOrder20-03.pdf> (last visited October 20, 2020).

- d. The State of Washington issued a stay-at-home proclamation stating the “COVID-19 pandemic and its progression ... remains a public disaster affecting life, health, [and] **property**...”²⁸ (Emphasis added);
- e. The State of Indiana issued an executive order recognizing that COVID-19 has the “propensity to **physically impact surfaces and personal property**.”²⁹ (Emphasis added);
- f. The City of New Orleans issued an order stating “there is reason to believe that COVID-19 may spread amongst the population by various means of exposure, including the propensity to attach to surfaces for prolonged period of time, thereby spreading from surface to person and **causing property loss and damage in certain circumstances**.”³⁰ (Emphasis added);
- g. The State of New Mexico issued a public health order acknowledging the “threat” COVID-19 “poses” to “**property**.”³¹ (Emphasis added);
- h. North Carolina issued a statewide executive order in response to the COVID-19 pandemic not only “to assure adequate protection for lives,” but also to “assure adequate protection of... **property**.”³² (Emphasis added); and
- i. The City of Los Angeles issued an order in response to COVID-19 “because, among other reasons, the COVID-19 virus can spread easily from person to person and it is **physically causing property loss or damage** due to its tendency to attach to surfaces for prolonged periods of time.”³³ (Emphasis added).

62. As these orders all recognize, the presence of people infected with or carrying COVID-19 particles in places, like Plaintiffs’ insured premises, where the business’ operations

²⁸ Available at https://www.governor.wa.gov/sites/default/files/proclamations/proc_20-41.9.pdf (last visited October 20, 2020).

²⁹ Available at <https://www.coronavirus.in.gov/2496.htm> (last visited October 20, 2020).

³⁰ Available at <https://nola.gov/mayor/executive-orders/emergency-declarations/03162020-mayoral-proclamation-to-promulgate-emergency-orders-during-the-state-of-emergency-due-to-co/> (last visited October 20, 2020).

³¹ Available at <https://www.governor.state.nm.us/wp-content/uploads/2020/03/COVID-19-DOH-Order-fv.pdf> (last visited October 20, 2020).

³² Available at <https://files.nc.gov/governor/documents/files/EO165-Extending-DHHS-Provisions.pdf> (last visited October 20, 2020).

³³ Available at <https://www.lamayor.org/sites/g/files/wph446/f/page/file/20200527%20Mayor%20Public%20Order%20S.AFER%20AT%20HOME%20ORDER%202020.03.19%20%28REV%202020.05.27%29.pdf> (last visited October 20, 2020).

require frequent person-to-person and person-to-surface interactions renders those places unsafe and unusable. The Closure Orders were issued in direct response to these existing dangerous physical conditions and had the concomitant effect of causing a direct “loss” of Plaintiff’s property in that Plaintiff was prohibited by law from making any use of the said property due to the civil authority exercised by the Governor of the Commonwealth.

Plaintiffs’ Losses Due to the Resulting Closure Orders

63. Plaintiffs’ new and used automobile dealerships are considered a “non-essential business” pursuant to Governor Wolf’s Closure Orders.

64. As a result of the Closure Orders, Plaintiffs were required to close their auto sales storefronts and suspend its in-person workforce at those stores, thereby requiring it to cease its business operations for its dealerships completely.³⁴

65. The Closure Orders prohibited the public from accessing Plaintiff’s insured premises described in the Policy, thereby causing the necessary suspension of its operations and triggering the Business Income, Extra Expense, and Civil Authority coverages under the Policy. *See* Exhibit E.

66. Moreover, the continuous presence of COVID-19 on or around Plaintiffs’ premises has damaged property by infecting it and has rendered the premises unsafe, uninhabitable, and unfit for their intended use.

67. Following the Governor’s March 16 advisory, Plaintiffs contacted its broker, Mr. Borneman, to make a timely insurance claim with Erie to request coverage for its business interruption losses and extra expenses promised under the Policy. *See* March 17 K. Post email, a true and correct copy of which is attached hereto, and made a part hereof and marked as

³⁴ Plaintiffs’ two service centers stayed open with intermittent furloughs; and its body shop/collision center stayed open.

Exhibit “L.” In response to Mr. Post’s email, Mr. Borneman simply asked for his last three months of financials. *Id.*³⁵

68. Plaintiffs have sustained direct physical loss and damage to items of property located at its premises and direct physical loss and damage to its premises described in the Policy as a result of both the Governor’s Closure Orders citing the presence of COVID-19 particles and/or the COVID-19 pandemic itself. These Closure Orders recognized that the presence of COVID-19 caused direct physical loss of and/or damage to the premises insured under the Policy by, among other things, damaging the property, denying access to the property, preventing customers from physically occupying the property, causing the property to be physically uninhabitable by customers, causing its function to be nearly eliminated or destroyed, and/or causing a suspension of business operations on the premises.

69. Plaintiffs have incurred substantial Business Income losses and Extra Expense caused by: (i) the presence of COVID-19 at or around Plaintiff’s insured premises, and/or (ii) the Closure Orders which prohibited access to Plaintiff’s insured premises or the sale of Plaintiff’s products and services.

70. Yet, on April 10, 2020, Erie denied Plaintiff’s claim in writing. *See* April 10, 2020 Denial Letter, Exhibit C.

71. Erie categorically issued their denial without first conducting any meaningful coverage investigation. For example, without addressing whether COVID-19, or the subsequent Closure Orders state otherwise, Erie denies coverage by simply stating: “Since

³⁵ Interestingly, that same day, Maureen Weiner, Keenan’s Controller, responded to say that she was “just looking over my notes from our meetings and I noted that the Business Interruption coverage included a payroll component.” *Id.* This exchange further indicates that the parties specifically discussed the Business Interruption coverage in detail, in response to Plaintiffs’ concerns over the growing COVID-19 pandemic.

there is no direct physical ‘loss’ of or damage to Covered Property, there is no coverage for this claim.” *Id.*

72. Erie also did not provide any basis for denying Plaintiff’s claim for Business Income or Contingent Business Interruption coverage, except a vague, general recitation of the Policy, that is, that “there was no partial or total ‘interruption of business’ due to direct physical ‘loss’ or damage to Covered Property on the premises from a peril insured against.” *See id.*

73. Then, in rejecting Plaintiff’s claim for Civil Authority coverage, Erie categorically stated that the coverage did not apply “because a Civil Authority did not order that the business be closed due to damage to property within one mile of the premises...” *See id.* Defendant’s assertion completely ignores the fact that the language only requires simple “damage to property,” and also ignores the coverage provided under the Policy’s “Civil Authority” provision for losses incurred due to governmental actions “taken in response to dangerous physical conditions,” even if the damage that caused those dangerous physical conditions occurred to property other than property at the insured premises.

74. Finally, though Erie cites the “Virus Exclusion” as an additional basis for its denial, Plaintiffs had the reasonable expectation that the policy they were purchasing did not contain such an exclusion, as evidenced by Mr. Borneman’s representations in his February 27, 2020 email and the policy language attachments. *See Exhibit B.*

75. It is clear from Plaintiffs’ notes of its in-person meetings and phone conversations, and from its email correspondence with its Defendant broker, that Plaintiffs had discussed in depth the effect that COVID-19 could have on its business, and that Mr. Borneman had represented that the insurance Plaintiffs purchased from Erie Defendants

would specifically include coverage for property damage and business interruption losses caused by viruses like COVID-19. *See* Exhibits B, G, H, I.

76. Erie's swift and wholesale denial of coverage was arbitrary, unreasonable, and inconsistent with the facts and plain language of the Policy. Erie Defendants' denials appeared to be driven by their desire to reduce or extinguish its own financial exposure to the economic fallout caused by the COVID-19 crisis, rather than their obligation to initiate, as is its legal duty, a full and fair investigation of the claims and a careful review of the Policy they sold to Plaintiff in exchange for a valuable premium.

COUNT I: DECLARATORY RELIEF
(On behalf of Plaintiffs against Erie Defendants)

77. Plaintiffs incorporate the foregoing allegations as if fully set forth herein.

78. Plaintiffs' Policy is an insurance contract under which Erie Defendants were paid premiums in exchange for their promise to pay Plaintiffs' losses for claims covered by the Policy.

79. Plaintiffs have complied with all applicable provisions of the Policy and/or those provisions have been waived by Erie Insurance, or Erie Insurance is estopped from asserting them.

80. Erie Defendants have arbitrarily and without justification refused to reimburse Plaintiffs for any losses incurred by them in connection with the covered business losses and extra expenses related to the Closure Orders and the necessary interruption of their businesses stemming from COVID-19.

81. In addition, Plaintiffs had the reasonable expectation that their Policy would not contain any kind of "virus exclusion," and that it would cover them in the case of a suspension of their businesses pursuant to a government-mandated shutdown in the fact of COVID-19.

82. Pursuant to 42 P.S. § 7533. Construction of documents:

Any person interested under a deed, will, written contract, or other writings constituting a contract, or whose rights, status, or other legal relations are affected by a statute, municipal ordinance, contract, or franchise, may have determined any question of construction or validity arising under the instrument, statute, ordinance, contract, or franchise, and obtain a declaration of rights, status, or other legal relations thereunder.

83. Plaintiffs are interested and affected by Erie Defendants' swift and wholesale denial of coverage based on Plaintiffs' written Policy.

84. An actual case or controversy exists regarding Plaintiffs' rights and Defendant's obligations under the Policy to reimburse Plaintiffs for the full amount of losses incurred by Plaintiffs in connection with the Closure Orders and the suspension of their businesses stemming from COVID-19.

85. Pursuant to 42 P.S. § 7533, Plaintiffs seek a declaratory judgement from this Court declaring the following:

- a. Plaintiffs' losses incurred in connection with the Closure Orders and the necessary interruption of their businesses stemming from the COVID-19 pandemic are covered losses under the Policy;
- b. The Policy's Exclusion of Loss Due to Virus does not apply to the business losses incurred by Plaintiffs here because Plaintiffs had the reasonable expectation, and relied on the fact, that their Policy would not include such a Virus Exclusion;
- c. Erie Insurance has waived any right it may have had to assert defenses to coverage or otherwise seek to bar or limit coverage for Plaintiffs' losses by issuing a blanket coverage denial without conducting a claim investigation as required under Pennsylvania insurance law; and
- d. Erie Insurance is obligated to pay Plaintiffs for the full amount of the losses incurred in connection with the covered business losses related to the Closure Orders during the period of restoration and the necessary interruption of their businesses stemming from the COVID-19 pandemic.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter judgment against Defendant on Count I and award declaratory relief enjoining Erie

Defendants from pursuing the policies, acts, and practices complained of herein, as well as any supplemental relief, including but not limited to injunctive relief and an accounting (pursuant to Pa. R. Civ. P. 1021) and any other relief that this Honorable Court may deem appropriate.

COUNT II: BREACH OF CONTRACT
(On behalf of Plaintiffs against Erie Defendants)

86. Plaintiffs incorporate the foregoing allegations as if fully set forth herein.

87. Plaintiffs' Policy is an insurance contract under which Erie Defendants were paid premiums in exchange for their promise to pay Plaintiffs' losses for claims covered by the Policy.

88. Plaintiffs have complied with all applicable provisions of the Policy and/or those provisions have been waived by Erie, or Erie is estopped from asserting them, yet Erie has abrogated its insurance coverage obligations pursuant to the Policy's clear and unambiguous terms.

89. By denying coverage for any business losses and extra expense incurred by Plaintiffs in connection with the Closure Orders and the COVID-19 pandemic, Erie has breached its coverage obligations under the Policy.

90. As a result of Defendant's breaches of the Policy, Plaintiffs have sustained substantial damages for which Erie Defendants are liable, in an amount to be established at trial.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter judgment against Erie Defendants on Count II, and award Plaintiffs compensatory damages and consequential damages in an amount in excess of Fifty Thousand Dollars (\$50,000.00), together with interest, costs, and such other relief as the Court deems appropriate.

COUNT III: NEGLIGENCE
(Plaintiffs against Defendants Body-Borneman)

91. Plaintiffs incorporate the foregoing allegations as if fully set forth herein.

92. As stated herein, throughout their conversations with their broker, and as represented by Mr. Borneman himself, Plaintiffs justifiably relied on his representations that insurance would be available to cover their business in the case of the spread of COVID-19 to the Commonwealth of Pennsylvania, and in the case of a subsequent government-mandated shutdown. In fact, Plaintiffs switched insurance carriers to Erie, as counseled by Mr. Borneman, and substantially increased their coverage from \$15 million to \$23.5 million, in part for this very reason.

93. Mr. Borneman, as Plaintiffs' broker, was under a specific duty to procure the policy and coverage as requested by Plaintiffs; or to communicate to them that such coverage would not be available in the event of a pandemic and government shutdown.

94. In fact, Body-Borneman failed to exercise the requisite care and competence required of persons and organizations operating in the insurance industry, as Plaintiffs purchased insurance upon Body-Borneman's faulty advice, which apparently (according to Erie) did not cover their business and loss of income following the arrival of COVID-19 and the mandated government closures. *See* Exhibit C.

95. And, though Plaintiffs were under the impression they had purchased a "Civil Authority Closure Rider" that would cover them in the exact situation with the novel coronavirus that ensued in March, 2020, Defendant Erie has denied that this coverage applies. *See id.*

96. In addition, Plaintiffs were never alerted that any potential exclusions for viruses or bacteria could be applied to deny them business and loss of income coverage under

the Ultraflex Policy. In fact, they were led to believe by Mr. Borneman that their Policy would *not* contain such an exclusion. *See* Exhibit I.

97. As a result of Defendants' breach of their duties, and Plaintiffs' reliance on the faulty information (evidenced by their switching insurance companies), Plaintiffs have incurred, and will continue to incur, significant costs and expenses, including: overpayment for Business Income and Extra Expense insurance; as well as the full amount of the losses incurred in connection with the covered business losses related to the Closure Orders during the period of restoration and the necessary interruption of their businesses stemming from the COVID-19 pandemic.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter judgment against Body-Borneman Defendants on Count III, and award Plaintiffs compensatory and consequential damages in an amount in excess of Fifty Thousand Dollars (\$50,000.00), together with interest, costs, and such other relief as the Court deems appropriate.

COUNT IV: NEGLIGENCE
(Plaintiffs against Defendants Body-Borneman)

98. Plaintiffs incorporate the foregoing allegations as if fully set forth herein.

99. As stated herein, throughout their conversations with their broker, and as represented by Mr. Borneman himself, Plaintiffs justifiably and reasonably relied on his representations that insurance would be available to cover their business in the case of the spread of COVID-19 to the Commonwealth of Pennsylvania, and in the case of a subsequent government-mandated shutdown. In fact, Plaintiffs switched insurance carriers to Erie, as counseled by Mr. Borneman, and substantially increased their coverage from \$15 million to \$23.5 million, in part for this very reason.

100. Mr. Borneman, as Plaintiffs' broker, was under a duty to procure the policy and coverage as requested by Plaintiffs; or to communicate to them that such coverage would not be available in the event of a pandemic and government shutdown.

101. In fact, upon information and belief, Body-Borneman, acting on information supplied to him by Erie Insurance, advised Plaintiffs that Plaintiffs had purchased a "Civil Authority Closure Rider" that would cover them in the exact situation with the novel coronavirus that ensued in March, 2020 (*see* Exhibits G, I); though Defendant Erie has denied this coverage applies. *See* Exhibit C.

102. In addition, upon information and belief, Body-Borneman, acting on information supplied to him by Erie Insurance, never alerted Plaintiffs that any potential exclusions for viruses or bacteria could be applied to deny them business and loss of income coverage under the Ultraflex Policy. In fact, upon information and belief, the sample Policy Mr. Borneman sent to Plaintiffs that he received from Erie Insurance did not contain such an exclusion. *See* Exhibit B.

103. Still, Defendant Body-Borneman had an obligation to perform the duty they assumed toward Plaintiffs and failed to exercise that care.

104. As a result of Defendants' breach of their duties, and Plaintiffs reliance on the faulty information (evidenced by their switching insurance companies), Plaintiffs have incurred, and will continue to incur, significant costs and expenses, including: overpayment for Business Income and Extra Expense insurance; as well as the full amount of the losses incurred in connection with the covered business losses related to the Closure Orders during the period of restoration and the necessary interruption of their businesses stemming from the COVID-19 pandemic.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter judgment against Body-Borneman Defendants on Count IV, and award Plaintiffs compensatory damages and consequential damages in an amount in excess of Fifty Thousand Dollars (\$50,000.00), together with interest, costs, and such other relief as the Court deems appropriate.

FIRST LAW STRATEGY GROUP

BY: /s/ DAVID S. SENOFF

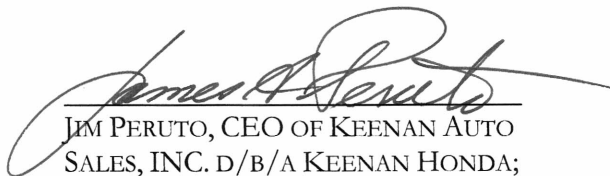
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ATTORNEYS FOR PLAINTIFFS OF KEENAN AUTO
SALES, INC. D/B/A KEENAN HONDA,
KEENAN MOTORS, LTD, PRECISION AUTO
CENTER, LTD D/B/A KEENAN COLLISION
CENTER

DATE: OCTOBER 22, 2020

VERIFICATION

I, Jim Peruto, CEO, Plaintiff in the within action, verifies that he is acquainted with the facts and information set forth in the foregoing Complaint, and that the same are true and correct to the best of his knowledge, information and belief. This Verification is made subject to the penalties of 18 Pa. C.S. §4904, relating to unsworn falsification to authorities.



JIM PERUTO, CEO OF KEENAN AUTO
SALES, INC. D/B/A KEENAN HONDA;
KEENAN MOTORS, LTD; PRECISION AUTO
CENTER, LTD D/B/A KEENAN COLLISION
CENTER

Date: *October 22, 2020*

Exhibit “A”

Michelle Wilson

38

From: Brad Borneman <baborneman@bodyborneman.com>
Sent: Friday, February 28, 2020 1:08 PM
To: Michelle Wilson
Subject: RE: Keenan Motors Auto ID Cards 2020

Coverage is bound. So yes cards are good for the weekend.

I will change the address.

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: Michelle Wilson <mwilson@keenanmotorgroup.com>
Date: 2/28/20 12:44 PM (GMT-05:00)
To: Brad Borneman <baborneman@bodyborneman.com>
Subject: RE: Keenan Motors Auto ID Cards 2020

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Brad,

Question the policy # states TBD - is this acceptable? Meaning if something was to happen is there a policy backing in up?

Keenan Honda ID card also has the wrong address should be Keenan Auto Sales , Inc. D/B/A Keenan Honda 4311 W. Swamp Road Doylestown, PA 18902

Do you need anything more from us?

Michelle

From: Brad Borneman [<mailto:baborneman@bodyborneman.com>]
Sent: Friday, February 28, 2020 12:23 PM
To: 'Michelle Wilson'; 'Maureen Weiner'
Cc: Donna McGrory
Subject: Keenan Motors Auto ID Cards 2020

Attached are two Auto ID Cards. One for Honda and one for Mercedes. Please photo copy and distribute for temporary use.

Let me know if you need anything else to get us through the weekend.
Thanks Again,

Bradley A. Borneman, CIC

President

Body-Borneman Associates, Inc.
17 East Philadelphia Avenue
PO Box 584
Boyertown, PA 19512

Office Phone: 610-367-1100 Extension 1124

Cell Phone: 610-781-7170

Email: baborneman@bodyborneman.com

From: Canon IRA-6575i <scanuser@bodyborneman.com>

Sent: Friday, February 28, 2020 12:13 PM

To: Brad Borneman <baborneman@bodyborneman.com>

Subject: Attached Image

The Body-Borneman Companies accepts no liability for the content of this email, or for the consequences of any actions taken on the basis of the information provided, unless that information is subsequently confirmed in writing. If you are not the intended recipient you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited. Although the company has taken reasonable precautions to ensure no viruses are present in this email, the company cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

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Exhibit “B”

36

Michelle Wilson

From: Brad Borneman <baborneman@bodyborneman.com>
Sent: Thursday, February 27, 2020 3:23 PM
To: 'Michelle Wilson'
Subject: Erie Policy jacket
Attachments: 3946_001.pdf

Michelle,
See page 3. "Additional Income Protection"
Erie is very broad in its definition.

I have requested worksheets.

Bradley A. Borneman, CIC

President

Body-Borneman Associates, Inc.
17 East Philadelphia Avenue
PO Box 584
Boyertown, PA 19512

Office Phone: 610-367-1100 Extension 1124
Cell Phone: 610-781-7170
Email: baborneman@bodyborneman.com

From: Canon IRA-6575i <scanuser@bodyborneman.com>
Sent: Thursday, February 27, 2020 3:12 PM
To: Brad Borneman <baborneman@bodyborneman.com>
Subject: Attached Image

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ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

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

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

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

SECTION I - COVERAGES

INSURING AGREEMENT

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 a peril insured against.

BUILDING(S) - COVERAGE 1

A. Covered Property

Building(s) means buildings described in the "Declarations" and anything permanently attached. It also includes:

1. Building equipment and fixtures servicing the premises;
2. Personal property you have for the service and maintenance of the buildings and premises including, but not limited to the following:
 - a. Fire extinguishing equipment;
 - b. Outdoor furniture;
 - c. Floor coverings;
 - d. Appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering; and
 - e. Flag poles and outdoor lights;
3. Vegetated roofs, including lawns, trees, shrubs, and plants which are part of a vegetated roof;
4. Glass which you own. The glass must be part of the building or in the building described in the "Declarations", including glass in wall cases.

Our payment for "loss" to glass will also include:

- a. Replacement of building glass with safety glazing materials when made necessary by an ordinance or building code;
- b. Replacement of lettering, ornamentation, or burglar alarm foil;

- c. Repair or replacement of frames;
 - d. Installation of temporary coverings; and
 - e. Removal of obstructions;
5. Exterior signs, lights, and clocks which you own. Exterior signs, lights, and clocks must be permanently attached to the building(s) on the premises described in the "Declarations".

B. Property Not Covered

Building(s) does not apply to:

1. Fences, walks, and unattached outbuildings not described in the "Declarations", except as provided in Extensions of Coverage - **A.2.**;
2. Outdoor swimming pools and equipment pertaining thereto not described in the "Declarations";
3. Bulkheads, pilings, piers, wharves, or docks not described in the "Declarations";
4. Bridges, roadways, patios, or other paved surfaces;
5. Retaining walls that are not part of a building, or not described in the "Declarations";
6. The cost of excavations, grading, backfilling, or filling;
7. Trees, shrubs, lawns, and plants (other than trees, shrubs, lawns, and plants which are part of a vegetated roof), except as provided in Extensions of Coverage - **A.8.**;
8. Unattached outdoor signs, lights, and clocks except as provided in Extensions of Coverage - **A.2.**;
9. Underground pipes, flues, or drains;
10. Land (including land on which covered property is located) or water; and
11. Property specifically insured in whole or in part by this or any other insurance.

C. Amount of Insurance

The most we will pay for "loss" or damage to any building described in the "Declarations" in any one occurrence is the applicable amount of insurance shown in the "Declarations" for that building subject to the applicable Automatic Adjustment of Coverage Amounts.

D. Automatic Adjustment of Coverage Amounts

This policy provides you with a guard against the effect of inflation on construction costs for **Building(s) - Coverage 1**.

We will keep track of costs and at the next policy period we will adjust the amount of your building coverage if necessary. Your premium will be adjusted at each policy period to reflect any change in the amount of insurance.

During the policy period, if there is an increase in construction costs and a "loss" occurs, we will reflect the increase in the amount of insurance for **Building(s) - Coverage 1** before making payment. The amount of increase in the amount of insurance will be:

1. The amount of insurance that applied to your covered building(s) on the most recent of: the policy inception date, the policy anniversary date, or any other policy change amending the amount of insurance, times
2. The percentage of annual increase shown in the "Declarations", expressed as a decimal (example: 8% is .08), times
3. The number of days since the beginning of the current policy period or the effective date of the most recent policy change amending the amount of insurance to your covered building(s), divided by 365.

There will be no charge for this additional coverage.

If the amount of insurance shown in the "Declarations" for **Building(s) - Coverage 1** is inadequate, these adjustments may not be sufficient to provide full recovery should a "loss" occur.

BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS - COVERAGE 2

A. Covered Property

Business Personal Property and Personal Property of Others means:

1. Personal property pertaining to your business, professional or institutional activities, including leased property for which you are contractually responsible;
2. Personal property of others that is in your care, custody, or control;
3. Labor, materials, or services furnished or arranged by you on personal property of others;
4. Your use interest as a tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations, or additions:
 - a. Made a part of the building or structure you occupy but do not own; and
 - b. You acquired or made at your expense but cannot legally remove;
5. Attached exterior signs which you own or which are in your care, custody, or control and for which you are contractually responsible. The attached exterior

signs must be permanently attached to the building on the premises described in the "Declarations"; and

6. Glass which is in your care, custody, or control and for which you are contractually responsible. The glass must be part of the building described in the "Declarations", including glass in wall cases.

Our payment for "loss" to glass will also include:

- a. Replacement of building glass with safety glazing materials when made necessary by an ordinance or building code;
- b. Replacement of lettering, ornamentation, or burglar alarm foil;
- c. Repair or replacement of frames;
- d. Installation of temporary coverings; and
- e. Removal of obstructions.

while in or on the described buildings, or in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof.

Our payment for "loss" of or damage to personal property of others will only be made to the owner of the property.

B. Property Not Covered

Business Personal Property and Personal Property of Others does not apply to:

1. "Automobiles" held for sale;
2. Vehicles or self-propelled machines (including "aircraft" or watercraft) that:
 - a. Can be licensed for use on public roads, except vehicles that are solely used to service the premises described in the "Declarations"; or
 - b. Are operated principally away from the premises described in the "Declarations".

This paragraph does not apply to:

- a. Vehicles or self-propelled machines or "automobiles" you manufacture, process, or warehouse;
- b. Vehicles or self-propelled machines, other than "automobiles", you hold for sale or repair;
- c. Rowboats or canoes out of water at the premises described in the "Declarations"; or
- d. Trailers, but only to the extent provided for in the Extensions of Coverage - **B.22.**;
3. Unattached exterior signs, lights, and clocks, except as provided in Extensions of Coverage - **A.2.**;
4. "Money" and "securities", except as provided in Extensions of Coverage - **B.4., B.6., B.9., B.19., and B.20.**;
5. Your property sold on installment or deferred payment plans after delivery to customers;

6. Household and personal articles of the insured, the insured's partners, members or managers of a limited liability company, the insured's officers, or the insured's employees, except as provided in Extensions of Coverage - **B.23.**;
7. Trees, shrubs, lawns, and plants, except as provided in Extensions of Coverage - **A.9.**;
8. Crops and growing crops while outside of the building(s);
9. Contraband, or property in the course of illegal transportation or trade;
10. "Electronic data" including the cost to research, replace, or restore the information on "electronic data" or magnetic media, except as provided in **Section IV - Additional Coverages - C. 2.**

We will cover "electronic data" which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning, or security systems;

11. The cost to research, replace, or restore the information on valuable papers and records, except as provided in Extensions of Coverage - **B.30.** Valuable papers and records include proprietary information; written, printed, or inscribed documents and records; including books, maps, films, abstracts, drawings, deeds, mortgages, card index systems, and manuscripts;
12. Fine arts, except as provided in Extensions of Coverage - **B.12.** Fine arts include paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; porcelains; and similar property of rarity, historic value, or artistic merit;
13. Animals, unless owned by others and boarded by you or if owned by you as stock while inside the building(s) described in the "Declarations";
14. "Mobile equipment":
 - a. While being used or stored away from the premises described in the "Declarations"; or
 - b. While at or being transported to or from job sites away from the premises described in the "Declarations"; and
15. Property specifically insured in whole or in part by this or any other insurance.

C. Amount of Insurance

The most we will pay for "loss" or damage to Business Personal Property and Personal Property of Others on the premises described in the "Declarations" in any one occurrence is the applicable amount of insurance shown in the "Declarations" for Business Personal Property and Personal Property of Others on that premises.

ADDITIONAL INCOME PROTECTION - COVERAGE 3

A. Additional Income Protection Coverage

Income Protection means loss of "income" and/or "rental income" you sustain due to partial or total "interruption of business" resulting directly from "loss" or damage to property on the premises described in the "Declarations" from a peril insured against. "Loss" or damage also includes property in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof.

If you are a tenant, your premises are the portion of the building described in the "Declarations" which:

1. You rent, lease, or occupy;
2. All routes within the building that service or are used to gain access to the described premises; and
3. The area within 1,500 feet of the premises described in the "Declarations" (with respect to "loss" or damage to covered property in the open or in a vehicle).

You are required to resume normal business operations as promptly as possible and shall use all available means to eliminate any unnecessary delay.

B. Extra Expense Coverage

Extra expense coverage is provided at the premises described in the "Declarations" only if the "Declarations" show that Additional Income Protection Coverage applies to that premises.

"Extra expense" means necessary expenses you incur due to partial or total "interruption of business" resulting directly from "loss" or damage to property on the premises described in the "Declarations" from a peril insured against. "Loss" or damage also includes property in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof.

We will pay necessary actual and necessary "extra expenses" (other than the expense to repair or replace property) sustained by you to:

1. Avoid or minimize the "interruption of business" and to continue your business operations:
 - a. At the premises described in the "Declarations"; or
 - b. At replacement premises or at temporary locations, including:
 - 1) Relocation expenses; and
 - 2) Costs to equip and operate the replacement premises or temporary locations.
2. Minimize the "interruption of business" if you cannot continue your business operations to the extent it reduces the amount of loss that would have been payable under loss of "income" and/or "rental income".

We will not pay any "loss" or damage to your buildings or business personal property and personal property of others. We also will not pay the cost of research or any other expense to replace or restore your valuable papers and records or "elec-

tronic data". We will pay the extra cost to repair or replace your covered property and the amount to research, replace, or restore the lost information on damaged valuable papers and records or "electronic data" to the extent it reduces the amount of loss that would have been payable under loss of "income" and/or "rental income".

Exhibit “C”



Branch Office • 2200 West Broad Street • Suite 1 • P.O. Box 4286 • Bethlehem, PA 18018-0286
610.865.1911 • Toll free 1.800.322.9026 • Fax 800.545.0409 • erieinsurance.com

April 10, 2020

Keenan Honda
4037 East Swamp Road
Doylestown, PA 18902-1141

Re: ERIE Claim #A00002512371
ERIE Policy: #Q39-0155563
Date of Loss: 3/20/20

Dear Policyholder:

This letter is in reference to the above-captioned claim which was reported to Erie Insurance Exchange (ERIE) on March 20, 2020 seeking coverage under the Ultraflex Policy #Q39-0155563 issued to Keenan Honda., Kennan Auto Sales, Inc., Keenan Motors, Ltd., Precision Auto Center, Ltd. d/b/a Keenan Collision Center, Keenan Insurance Agency, Inc., Keenan Management, Inc., JCLP Limited Partnership, Jim Peruto, LP, James A. Peruto, LLC d/b/a.

During our conversation on March 24, 2020, you explained that there was a partial business closure based on the Order from the Governor for all non-essential businesses to close due to the COVID-19 pandemic. You also stated that the Service and Collision Center were deemed essential and are still operating currently. As a result of this partial closure of your business, you have indicated that you are losing business income at this time. We regret to inform you that there is no coverage for your loss of income because there is no direct physical loss to your building or business personal property. In addition, the policy excludes coverage for damage caused by virus, bacterium, or microorganism.

Please reference the Insuring Agreement for Building(s) – Coverage I, Business Personal Property – Coverage II and Additional Income Protection – Coverage III which reads in relevant part:

SECTION I - COVERAGES

INSURING AGREEMENT

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 a peril insured against.

SECTION II – PERILS INSURED AGAINST states:

SECTION II - PERILS INSURED AGAINST

BUILDING(S) - COVERAGE 1

BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS - COVERAGE 2

ADDITIONAL INCOME PROTECTION - COVERAGE 3

Covered Cause of Loss

This policy insures against direct physical "loss", except "loss" as excluded or limited in this policy.

Since there is no direct physical "loss" of or damage to Covered Property, there is no coverage for this loss.

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Case ID: 201001696

Business Interruption Coverage

Refer to SECTION I of the policy for what constitutes Covered Property under INCOME PROTECTION – COVERAGE 3. **Additional Income Protection** means loss of “income” and/or “rental income” you sustain due to partial or total “interruption of business” resulting directly from “loss” or damage to property on the premises described in the “Declarations” from a peril insured against. **Extra Expense Coverage** under paragraph B of Coverage 3 also requires a partial or total “interruption of business” resulting directly from “loss” or damage to property on the premises described in the “Declarations” from a peril insured against.

As defined in Section XI of the policy, “Loss” means direct and accidental loss of or damage to covered property. “Interruption of business” means the period of time that your business is partially or totally suspended and it:
(1) Begins with the date of direct “loss” to covered property caused by a peril insured against; and (2) Ends on the date when the covered property should be repaired, rebuilt, or replaced with reasonable speed and similar quality.

Income Protection does not apply because there was no partial or total “interruption of business” due to direct physical “loss” or damage to Covered Property on the premises from a peril insured against.

Additional Coverages - Civil Authority

Additional Coverages - Civil Authority under paragraph C of the Income Protection Coverage Section of the policy (SECTION I, Coverage 3) reads:

C. Additional Coverages

1. Civil Authority

When a peril insured against causes damage to property other than property at the premises described in the "Declarations", we will pay for the actual loss of "income" and/or "rental income" you sustain and necessary "extra expense" caused by action of civil authority that prohibits access to the premises described in the "Declarations" provided that both of the following apply:

- a. Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the premises described in the "Declarations" are within that area but are not more than one mile from the damaged property; and
- b. The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the peril insured against that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for "income" and/or "rental income" will begin 72 hours after the time of the first action of civil authority that prohibits access to the premises described in the "Declarations" and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority coverage does not apply because a Civil Authority did not order that the business be closed due to damage to property within one mile of the premises described in the “Declarations,” caused by a peril insured against.

Extension of Coverage – Contingent Business Interruption

The Extension of Coverage for loss of “income” or “rental income” for Contingent Business Interruption under SECTION VIII (B)(5) also requires a partial or total “interruption of business” resulting directly from “loss” or damage to Building(s) or Business Personal Property of “dependent properties” from a peril insured against.

"Dependent property" means premises operated by others whom you depend on in any way for continuation of your normal business operations. The "dependent properties" are:

- a. Contributing Locations which mean those premises you depend on as a source of materials or services that you need for your operations. Services do not include water, communication, power supply, or waste water removal services;
- b. Recipient Locations which mean those premises you depend on as a customer for your products or services;
- c. Manufacturing Locations which mean those premises you depend on to manufacture products for your customers under contract or sale; or
- d. Leader Locations which mean those premises you depend on to attract customers to your business.

"Interruption of business" for contingent business interruption means the period of time that your business is suspended and it:

- a. Begins with the date of direct "loss" or damage to the "dependent property" caused by a peril insured against; and
- b. Ends on the date when the "dependent property" should be repaired, rebuilt, or replaced with reasonable speed and similar quality.

Contingent Business Interruption does not apply because there was no partial or total “interruption of business” directly from “loss” or damage to Buildings or Business Personal Property of “dependent properties” from a peril insured against.

Extension of Coverage – Income Protection

The Extension of Coverage for Income Protection provides for loss of “income” and/or “rental income” you sustain due to partial or total “interruption of business” resulting directly from “loss” or damage to property on the premises described in the “Declarations” from a peril insured against.

The Income Protection Extension of Coverage does not apply because there was no “loss” or damage to property on the premises described in the Declarations from a peril insured against.

In addition to the discussion above, the following exclusions apply to this loss:

SECTION III - EXCLUSIONS

A. Coverages 1, 2, 3, 4, and 5

We do not cover under Building(s) - Coverage 1; Business Personal Property and Personal Property of Others - Coverage 2; Additional Income Protection - Coverage 3; Glass and Lettering - Coverage 4; and Signs, Lights, and Clocks - Coverage 5 "loss" or damage caused directly or indirectly by any of the following. Such "loss" or damage is excluded regardless of any cause or event that contributes concurrently or in any sequence to the "loss":

B. Coverages 1, 2, and 3

We do not cover under Building(s) - Coverage 1, Business Personal Property and Personal Property of Others - Coverage 2, and Additional Income Protection - Coverage 3 "loss" or damage caused:

16. By or resulting from any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness, or disease.

E. Coverage 3

We do not cover under Additional Income Protection - Coverage 3:

1. Increase of loss resulting from ordinance or law regulating construction or repair of buildings.
2. Consequential damages resulting from the breach of contractual obligations.
4. Loss due to delay or loss of market.
6. "Extra expense" caused by the suspension, lapse, or cancellation of any license, lease, or contract beyond the "interruption of business".
7. Increase of loss resulting from ordinance or law regulating the prevention, control, repair, clean-up, or restoration of environmental damage.
8. Income protection specifically insured in whole or in part by this or any other insurance.

Additionally, the following policy provision applies:

15. SUITS AGAINST US

We may not be sued unless there is full compliance with all the terms of this policy. Suit must be brought within 2 years (Maryland and North Carolina - 3 years) after the "loss" occurs. (IL – The period of time for filing suit must be extended by the number of days between the date the proof of loss was filed and the date the claim was denied in whole or in part).

Keenan Honda
Page 5
April 10, 2020

Nothing in this letter is intended to waive, alter or restrict any of the terms, conditions or defenses of the policy of insurance in question, all of which are expressly reserved and affirmed.

We regret that we could not assist you in this matter. If you have any questions or concerns regarding this letter, please feel free to contact me at the number listed below.

Sincerely,



Peter McKenney
Property Adjuster
Allentown/Bethlehem Claims Office
(610) 585-3697

/jlc

cc: Body-Borneman Assoc., Inc., AA8668

Exhibit “D”



COMMONWEALTH OF PENNSYLVANIA

OFFICE OF THE GOVERNOR

ORDER OF

THE GOVERNOR OF THE COMMONWEALTH OF PENNSYLVANIA REGARDING THE CLOSURE OF ALL BUSINESSES THAT ARE NOT LIFE SUSTAINING

WHEREAS, the World Health Organization and the Centers for Disease Control and Prevention (“CDC”) have declared a novel coronavirus (“COVID-19”) a “public health emergency of international concern,” and the U.S. Department of Health and Human Services (“HHS”) Secretary has declared that COVID-19 creates a public health emergency; and

WHEREAS, as of March 6, 2020, I proclaimed the existence of a disaster emergency throughout the Commonwealth pursuant to 35 Pa. C.S. § 7301(c); and

WHEREAS, I am charged with the responsibility to address dangers facing the Commonwealth of Pennsylvania that result from disasters. 35 Pa. C.S. § 7301(a); and

WHEREAS, in addition to general powers, during a disaster emergency I am authorized specifically to control ingress and egress to and from a disaster area and the movement of persons within it and the occupancy of premises therein; and suspend or limit the sale, dispensing, or transportation of alcoholic beverages, firearms, and combustibles. 35 Pa. C.S. § 7301(f); and

WHEREAS, in executing the extraordinary powers outlined above, I am further authorized during a disaster emergency to issue, amend and rescind executive orders, proclamations and regulations and those directives shall have the force and effect of law. 35 Pa. C.S. § 7301(b); and

WHEREAS, in addition to my authority, my Secretary of Health has the authority to determine and employ the most efficient and practical means for the prevention and suppression of disease. 71 P.S. § 532(a), 71 P.S. 1403(a); and

WHEREAS, these means include isolation, quarantine, and any other control measure needed. 35 P.S. § 521.5.

NOW THEREFORE, pursuant to the authority vested in me and my Administration by the laws of the Commonwealth of Pennsylvania, I do hereby ORDER and PROCLAIM as follows:

Section 1: Prohibition on Operation of Businesses that are not Life Sustaining

All prior orders and guidance regarding business closures are hereby superseded.

No person or entity shall operate a place of business in the Commonwealth that is not a life sustaining business regardless of whether the business is open to members of the public. This prohibition does not apply to virtual or telework operations (e.g., work from home), so long as social distancing and other mitigation measures are followed in such operations.

Life sustaining businesses may remain open, but they must follow, at a minimum, the social distancing practices and other mitigation measures defined by the Centers for Disease Control to protect workers and patrons. A list of life sustaining businesses that may remain open is attached to and incorporated into this Order.

Enforcement actions will be taken against non-life sustaining businesses that are out of compliance effective March 21, 2020, at 12:01 a.m.

Section 2: Prohibition on Dine-In Facilities including Restaurants and Bars

All restaurants and bars previously have been ordered to close their dine-in facilities to help stop the spread of COVID-19.

Businesses that offer carry-out, delivery, and drive-through food and beverage service may continue, so long as social distancing and other mitigation measures are employed to protect workers and patrons. Enforcement actions will be taken against businesses that are out of compliance effective March 19, 2020, at 8 p.m.

Section 3: Effective Date and Duration

This order is effective immediately and will remain in effect until further notice.



GIVEN under my hand and the Seal of the Governor, at the city of Harrisburg, on this nineteenth day of March two thousand twenty, the year of the commonwealth the two hundred and forty-fourth.

Tom Wolf
TOM WOLF
Governor

Exhibit “E”

DECLARATIONS

ERIE INSURANCE EXCHANGE
ULTRAFLEX POLICY



100 Erie Insurance Place
Erie, PA 16530

NEW DECLARATIONS

Agent	ITEM 2. Policy Period	Policy Number
AA8668 BODY-BORNEMAN ASSOC INC	03/01/20 TO 03/01/21	Q39 0155563 A

ITEM 1. Named Insured and Address
 KEENAN HONDA
 & ENDT #1
 4037 E SWAMP RD
 DOYLESTOWN PA 18902-1141

ITEM 3. Other Interest

POLICY PERIOD BEGINS AND ENDS AT 12.01 A.M. STANDARD TIME AT THE STATED ADDRESS OF THE NAMED INSURED.

THE INSURANCE APPLIES TO THOSE PREMISES DESCRIBED AS PER THE ATTACHED SUPPLEMENTAL DECLARATIONS. THIS IS SUBJECT TO ALL APPLICABLE TERMS OF THE POLICY AND ATTACHED FORMS AND ENDORSEMENTS

DEDUCTIBLE (PROPERTY PROTECTION ONLY)- \$ 1,000.

COVERAGES:

PROPERTY PROTECTION - AS PER THE ATTACHED SUPPLEMENTAL DECLARATIONS

1. BUILDINGS
2. BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS
3. ADDITIONAL INCOME PROTECTION
4. GLASS AND LETTERING
5. SIGNS, LIGHTS AND CLOCKS

DEPOSIT PREMIUM

\$ INCL
 \$ INCL
 \$ INCL
 \$
 \$

LIMITS OF INSURANCE

ERIE GARAGE LIABILITY POLICY Q030181278 IN EFFECT

\$

OPTIONAL COVERAGES

(SEE NEXT PAGE)

TOTAL DEPOSIT PREMIUM - - - - \$ 27,699.

APPLICABLE FORMS - SEE SCHEDULE OF FORMS

Case ID: 201001696

See Reverse Side

AGB 03/17/20



OPTIONAL COVERAGES

SEWER AND DRAIN BACK-UP	\$	INCL
BUILDING ORDINANCE OR LAW COVERAGE - INCREASED COVERAGE	\$	INCL
ENHANCEMENT ENDORSEMENT - AUTO REPAIR SHOPS ENDORSEMENT	\$	INCL
ENHANCEMENT ENDORSEMENT - RETAILERS ENDORSEMENT	\$	INCL
UTILITY PROPERTIES - DIRECT DAMAGE	\$	INCL
\$500,000 - LOC 1 BLDG 1		
UTILITY PROPERTIES - DIRECT DAMAGE	\$	INCL
\$1,000,000 - LOC 2 BLDG 1		
UTILITY PROPERTIES - DIRECT DAMAGE	\$	INCL
\$100,000 - LOC 3 BLDG 1		

Change to 1,000,000

Q39 0155563

CONTINUED ON NEXT PAGE

Case ID: 201001696



ERIE INSURANCE GROUP ULTRAFLEX CHANGE REQUEST

Policy Nbr: Q39-0155563 00 Policy Eff: 03/01/2020 to 03/01/2021
Agent Nbr: AA8668 Agent Name: BODY-BORNEMAN ASSOC., INC.
Agent Phone: (610)367-1100 Named Insured: KEENAN HONDA
Change Effective: 03/01/2020 Detailed Instructions Change

1. Detailed Instructions:

PLEASE AMEND POLICY AS FOLLOWS:

- 1. ADD SIGN COVERGE FOR for a " 7 x 7 No Cladding Honda Brand Sign" valued at \$37,000
2. ADD COVERAGE FOR LOC.1, BUIDING 2, POLE BARN, 1,638 SQ. FEET. BUILT IN 2000. \$250,000 COVERAGE FOR BUILDING AND \$100,000 FOR CONTENTS
3. ADD COVERAGE FOR LOC.1, BUILDING 3. GARAGE, FRAME CONSTRUCTION, 600 SQ. FEET. BUILT IN 2003. COVERAGE FOR \$100,000 FOR BUILDING AND \$50,000 FOR CONTENTS.
4. ADD COVERAGE FOR LOC.1, BUILDING 4. GARAGE, JOISTED MASONRY, 1,250 SQ. FEET, BUILT IN 2006, COVERAGE OF \$185,000 FOR BUILDING AND \$65,000 FOR CONTENTS.
5. CORRECT NAMED INSURED:
-SEPARATE KEENANMOTORS
-CORRECT THE SPELLING OF THE WORD COLLISION (KEENAN COLLISIOE)
-SEPARATE KEENAN MANAGEMENTINC
*REQUESTING A LIMITED DEC SHEET. THANK YOU.

Change utility propputs to 1,000,000 from 100,000
Change requested 4-1-20

IMPORTANT: If this change affects any other ERIE policy, please submit a separate change request for that policy.

Agent (Date Printed): 03/30/2020 2:05:39 PM
Effective date is prior to today's date because:
CORRECTIONS TO POLICY EFFECTIVE 3/1/20

Completed by: BAB

SIGNATURE OF NAMED INSURED (IF AGENCY REQUIRES): _____

DECLARATIONS



ERIE INSURANCE EXCHANGE
ULTRAFLEX POLICY

NEW DECLARATIONS

Agent	ITEM 2. Policy Period	Policy Number
AA8668 BODY-BORNEMAN ASSOC INC	03/01/20 TO 03/01/21	Q39 0155563 A

ITEM 1. Named Insured and Address
 KEENAN HONDA
 & ENDT #1
 4037 E SWAMP RD
 DOYLESTOWN PA 18902-1141

ITEM 3. Other Interest

SUPPLEMENTAL DECLARATIONS
 LOCATION 1, BUILDING 1

LOCATION OF PREMISES

OCCUPANCY/OPERATIONS

4037 E SWAMP RD, DOYLESTOWN,
 BUCKS CO, PA 18902

AUTOMOBILE BODY SHOP

INTEREST OF NAMED INSURED IN SUCH PREMISES - OWNER

PROPERTY PROTECTION

COVERAGES	CO-INS %	AMOUNT OF INSURANCE
1. BUILDINGS	90	BLANKET
2. BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS	90	BLANKET
3. ADDITIONAL INCOME PROTECTION OCCURRENCE		\$ 2,500,000
OPTIONAL COVERAGES - PROPERTY PROTECTION		
BLANKET COVERAGE - BUILDING AND CONTENTS		
\$39,137,000 - LOC 01, 02 & 03		
SEWER AND DRAIN BACKUP DED \$ 500		\$ 100,000
BUILDING ORDINANCE OR LAW COVERAGE - INCREASED COVERAGE		\$ 197,700

Case ID: 201001696

See Reverse Side

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SUPPLEMENTAL DECLARATIONS

LOCATION 2, BUILDING 1

LOCATION OF PREMISES

OCCUPANCY/OPERATIONS

4311 W SWAMP RD, DOYLESTOWN,
BUCKS CO, PA 18902

AUTOMOBILE DEALER - WITH SPRAY
PAINTING

INTEREST OF NAMED INSURED IN SUCH PREMISES - OWNER

PROPERTY PROTECTION

COVERAGES

	CO-INS %	AMOUNT OF INSURANCE
1. BUILDINGS	90	BLANKET
2. BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS	90	BLANKET
3. ADDITIONAL INCOME PROTECTION OCCURRENCE		\$ 8,000,000
OPTIONAL COVERAGES - PROPERTY PROTECTION		
SEWER AND DRAIN BACKUP DED \$ 500		\$ 100,000
BUILDING ORDINANCE OR LAW COVERAGE - INCREASED COVERAGE		\$ 1,207,000

Q39 0155563

CONTINUED ON NEXT PAGE

DECLARATIONS



00 Erie Insurance Place
Erie, PA 16530

ERIE INSURANCE EXCHANGE
ULTRAFLEX POLICY

NEW DECLARATIONS

Agent	ITEM 2. Policy Period	Policy Number
AA8668 BODY-BORNEMAN ASSOC INC	03/01/20 TO 03/01/21	Q39 0155563 A

ITEM 1. Named Insured and Address	ITEM 3. Other Interest
KEENAN HONDA & ENDT #1 4037 E SWAMP RD DOYLESTOWN PA 18902-1141	

SUPPLEMENTAL DECLARATIONS

LOCATION OF PREMISES	LOCATION 3, BUILDING 1	OCCUPANCY/OPERATIONS
3664 N EASTON RD, DOYLESTOWN, BUCKS CO, PA 18902		AUTOMOBILE DEALER - WITH SPRAY PAINTING

INTEREST OF NAMED INSURED IN SUCH PREMISES - OWNER

PROPERTY PROTECTION	CO-INS %	AMOUNT OF INSURANCE
COVERAGES		
1. BUILDINGS	90	BLANKET
2. BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS	90	BLANKET
3. ADDITIONAL INCOME PROTECTION OCCURRENCE		\$13,000,000
OPTIONAL COVERAGES - PROPERTY PROTECTION		
SEWER AND DRAIN BACKUP DED \$ 500		\$ 100,000
BUILDING ORDINANCE OR LAW COVERAGE - INCREASED COVERAGE		\$ 1,600,000

Case ID: 201001696

See Reverse Side

AGB 03/17/20



ENDORSEMENT 1

IT IS AGREED THAT THE NAMED INSURED SHALL READ AS FOLLOWS:

**KEENAN HONDA
KEENAN AUTO SALES INC & KEENANMOTORS LTD & PRECISION AUTO
CENTER LTD D/B/A KEENAN COLLISION CENTER & KEENAN INSURANCE
AGENCY INC & KEENAN MANAGEMENT INC & JCLP LIMITED
PARTNERSHIP & JIM PERUTO LP & JAMES A PERUTO LLC D/B/A**

Q39 0155563

CONTINUED ON NEXT PAGE

Case ID: 201001696



00 Erie Insurance Place
Erie, PA 16530

NEW DECLARATIONS

Agent	ITEM 2. Policy Period	Policy Number
AA8668 BODY-BORNEMAN ASSOC INC	03/01/20 TO 03/01/21	Q39 0155563 A

ITEM 1. Named Insured and Address
KEENAN HONDA
& ENDT #1
4037 E SWAMP RD
DOYLESTOWN PA 18902-1141

ITEM 3. Other Interest

SCHEDULE OF FORMS

FORM NUMBER	EDITION DATE	DESCRIPTION
ULF	03/01 *	ULTRAFLEX PACKAGE POLICY
IL0910	07/02 *	PENNSYLVANIA NOTICE
IL0246	09/07 *	PENNSYLVANIA CHANGES - CANCELLATION AND NONRENEWAL
GU44	03/01 *	PENNSYLVANIA AMENDATORY ENDORSEMENT
IL985G*	01/15 *	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT
UF8705*	06/96 *	IMPORTANT NOTICE - NO FLOOD COVERAGE
UF4810*	03/08 *	IMPORTANT NOTICE - POLICY SERVICE FEES
UF6330*	08/09 *	IMPORTANT NOTICE: DO YOU USE SUBCONTRACTORS?
FORM SA	11/12 *	SUBSCRIBERS AGREEMENT
ENDT1	*	LONG NAMED INSURED ENDORSEMENT
ULKA	05/06 *	EXCLUSION - AUTOMOBILE REPAIR, SERVICE, SALES, RENTAL OR LEASING
FX0001	01/20 *	ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART
GU51	03/01 *	PENNSYLVANIA AMENDATORY ENDORSEMENT
IL0952	01/15 *	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
ULJV	06/14 *	SEWER AND DRAIN BACK-UP COVERAGE
ULLF	01/12 *	BUILDING ORDINANCE OR LAW COVERAGE - INCREASED COVERAGE
ULOA	07/16 *	PRODUCTION OR PROCESS MACHINERY - DEDUCTIBLE

Case ID: 201001696

See Reverse Side

AGB

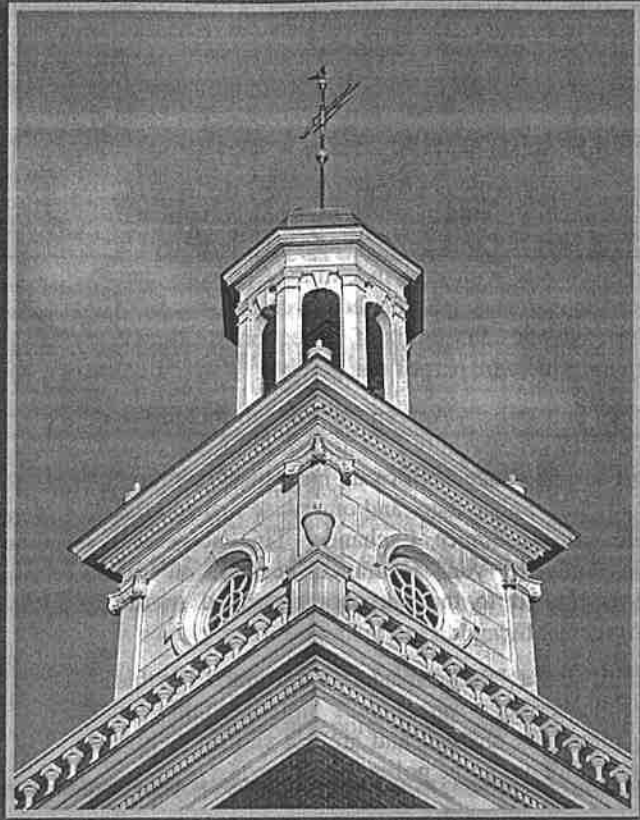
03/17/20



SCHEDULE OF FORMS (CONTINUED)

FORM NUMBER	EDITION DATE	DESCRIPTION
ULLL	07/16 *	AUTO REPAIR SHOPS ERIEPLACEABLE ENHANCEMENTS ENDORSEMENT
ULLZ	07/16 *	RETAILERS ERIEPLACEABLE ENHANCEMENTS ENDORSEMENT
ULSI	07/16 *	UTILITY PROPERTIES - DIRECT DAMAGE

Q39 0155563



UltraflexSM Package Policy



Erie
Insurance[®]

Member Companies

Erie Insurance Exchange • Erie Insurance Property & Casualty Company

Case ID: 201001696

ERIE INSURANCE GROUP is proud to present this ULTRAFLEX PACKAGE POLICY. This important contract between YOU and The ERIE consists of this policy with coverage agreements, limitations, exclusions and conditions, a Declarations, plus any endorsements. We urge YOU to read it.

The protection given by this policy is in keeping with the single purpose of our Founders: "To provide YOU with as near PERFECT PROTECTION, as near PERFECT SERVICE, as is humanly possible, and to do so at the LOWEST POSSIBLE COST."

AGREEMENT

ERIE INSURANCE EXCHANGE

In return for your timely premium payment, your compliance with all of the provisions of this policy, and your signing of a "Subscriber's Agreement" with Erie Indemnity Company and other Subscribers, we agree to provide the coverages you have purchased. Your coverages and limits of protection are shown in the Declarations, which are part of this policy.

Your signing the "Subscriber's Agreement", which includes a limited power-of-attorney, permits Erie Indemnity Company, as Attorney-in-Fact, to make reciprocal insurance contracts between you and other Subscribers and otherwise manage the business of the Erie Insurance Exchange. This power-of-attorney applies only to your insurance business at the Exchange and is limited to the purposes described in the "Subscriber's Agreement".

Your responsibility as a "Subscriber" is determined by this policy and the "Subscriber's Agreement". You are liable for just the policy premiums charged and are not subject to any other premium liability under the policy.

This agreement is made in reliance on the information you have given us and is subject to all of the terms of this policy.

This policy, all endorsements to it, and the "Subscriber's Agreement" constitute the entire agreement between you and us.

ERIE INSURANCE PROPERTY AND CASUALTY COMPANY

In return for your timely premium payment and your compliance with all of the provisions of this policy, we agree to provide the coverages you have purchased. Your coverages and limits of protection are shown in the Declarations, which are part of this policy.

This agreement is made in reliance on the information you have given us, and is subject to all of the terms of this policy.

This policy and all endorsements to it constitute the entire agreement between you and us.

DEFINITIONS

ADDITIONAL ERIE INSURANCE EXCHANGE DEFINITIONS

The following words have this special meaning in policies issued by *Erie Insurance Exchange* when they appear in quotes.

- "Subscriber" means the person who signed, or the partnership, firm or corporation that authorized the signing of, the application for this policy.

- "Subscriber's Agreement" means the agreement, including a limited power-of-attorney among the Subscribers and the Erie Indemnity Company, as Attorney-in-Fact.

GENERAL POLICY CONDITIONS

1. AUTOMATIC RENEWAL POLICY

Your policy will be automatically renewed at the end of the policy period, unless terminated by you or us in accordance with the steps explained in the Cancellation Condition.

Each year, we will send you a Renewal Certificate which shows the premium due for the next policy period.

This is a service that we provide for you so that your insurance protection does not stop.

If you do not want the renewal policy, you must mail our Agent or us written notice in advance of the new policy period. If you do not notify us, your policy remains in effect. You must pay us the earned premium due us for this time.

2. CANCELLATION

Your Right to Cancel or Refuse Renewal

You may cancel this policy or any coverage by mailing or delivering to our Agent or us written notice stating at what future date you want the cancellation to take effect. We may waive these requirements by confirming the date of cancellation to you in writing.

Our Right to Cancel or Refuse to Renew

We may cancel or refuse to renew by mailing you written notice stating the effective date of our action. Our action will comply with the laws of the state in which your principal office is located. The cancellation will not take effect until at least 30 days (Maryland - 45 days, except for nonpayment of premium - 30 days) after we send it. For states that require a different number of days for notification of cancellation or non-renewal, or specify the reasons for cancellation or non-renewal, an Amendatory Endorsement is attached.

We reserve the right to cancel for your non-compliance with our premium payment plans. We do not waive our right to cancel, even if we have accepted prior late payments.

Method of Giving Notice

Mailing notice to the address shown on the Declarations will be sufficient proof of notice. The policy period will end on the date and time stated in the notice.

Return of Premium

If your policy is cancelled by you or us, we will return the pro rata unused share of your premium. Cancellation will be effective even if we have not given or offered the return premium.

3. CONCEALMENT, FRAUD OR MISREPRESENTATION

This entire policy is void if before or after a loss any insured has intentionally concealed or misrepresented any material fact or circumstance concerning this insurance.

In the event of a fraudulent claim, we will not make payment for the loss.

4. COOPERATION

You agree to cooperate with us by:

- a. truthfully completing and promptly returning questionnaires and audit forms about this insurance;
- b. permitting and helping with inspections and audits; and
- c. complying with specific recommendations to improve your risk.

5. HOW YOUR POLICY MAY BE CHANGED

This policy conforms to the laws of the state in which your principal office is located. If the laws of the state change, this policy will comply with these changes.

Your policy may be changed by asking us. Your request must contain enough information to identify you. Asking our Agent is the same as asking us. If we agree with your request, we will then issue an Amended Declarations.

We will give you the benefit of any change in coverage made by us, if it does not require additional premium. This change will be effective as of the date we implement the change for you in your state.

6. INCREASE IN HAZARD

Unless we agree beforehand, coverage is suspended if the hazard is substantially increased by any means within the control of the insured.

7. INSPECTION AND AUDIT

We have the right but are not obligated to:

- a. make inspections and surveys at any time;
- b. give you reports on the conditions we find; and
- c. recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to provide for the health or safety of workers or the public. We do not warrant that your property or operations are safe, healthful or in compliance with any law, regulation, code or standard. Inspections, surveys, reports or recommendations are for our benefit only.

This condition also applies to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

We may examine and audit your books and records at any time during or within three years after the policy period, as they relate to this insurance. No appeals or disputes regarding your premium will be permitted three years after your audit is completed.

8. OUR RIGHT TO RECOVER FROM OTHERS

After we make a payment under this policy, we will have the right to recover from anyone else held responsible. This right will not apply under Property Protection if you have waived it in writing prior to loss. Any insured is required to transfer this right to us, and do nothing to harm this right. Anyone receiving payment from us and from someone else for the same loss will reimburse us up to our payment.

9. POLICY ACCEPTANCE

By accepting this policy, you agree that the statements on the Declarations are accurate and complete and are based on the facts you have given us. This policy is issued in reliance on these facts.

10. PREMIUMS

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.

11. PRIORITY

At our option, this insurance will first protect you, and then others we protect.

12. TIME OF INCEPTION

If this policy replaces another policy ending at noon on the date of this policy, we will protect you as of that time.

13. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

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

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

This policy has been signed on our behalf at Erie, Pennsylvania by our President and Secretary. If required by law, it has been countersigned on the Declarations by our authorized Agent.

Brian W. Bolash

Secretary

Timothy J. McCartha

President



Erie
Insurance®

Home Office • 100 Erie Insurance Place • Erie, PA 16530 • 814.870.2000
Visit our website at erieinsurance.com

ADDITIONAL ERIE INSURANCE EXCHANGE CONDITION

The following condition applies *only* to policies issued by *Erie Insurance Exchange*.

1. ACCOUNTING

Erie Indemnity Company may keep up to 25% of the premium written or assumed by Erie Insurance Exchange as compensation for:

- a. becoming and acting as Attorney-in-Fact;
- b. managing the business and affairs of Erie Insurance Exchange, its affiliates and subsidiaries; and
- c. paying general administrative expenses, including sales commissions, salaries, and other employment costs, the cost of supplies, and other administrative costs.

The rest of the premium will be placed on the books of the *Erie Insurance Exchange*. We will deposit or invest this amount as permitted by law. This amount will be used to pay losses, adjustment expenses, legal expenses, court costs, taxes, assessments, licenses, fees, and other governmental fines and charges, establishment of reserves and surplus, and reinsurance, and may be used for dividends and other purposes Erie Indemnity Company decides are to the advantage of the Subscribers.



ERIE INSURANCE GROUP

INTERLINE
IL 09 10 (Ed. 7/02) UF-3007

PENNSYLVANIA NOTICE

An Insurance Company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, issuance, renewal or continuation of, a policy of insurance:

1. Surveys;
2. Consultation or advice; or
3. Inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the Insurance Company, its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. If the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the Insurance Company, its agents, employees or service contractors;
2. To consultation services required to be performed under a written service contract not related to a policy of insurance; or
3. If any acts or omissions of the Insurance Company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

Instruction to Policy Writers

Attach the Pennsylvania Notice to all new and renewal certificates insuring risks located in Pennsylvania.

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ERIE INSURANCE GROUP

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
PENNSYLVANIA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. The **Cancellation** Common Policy Condition is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by writing or giving notice of cancellation.

2. **Cancellation Of Policies In Effect For Less Than 60 Days**

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation.

3. **Cancellation Of Policies In Effect For 60 Days Or More**

If this policy has been in effect for 60 days or more or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a. You have made a material misrepresentation which affects the insurability of the risk. Notice of cancellation will be mailed or delivered at least 15 days before the effective date of cancellation.
- b. You have failed to pay a premium when due, whether the premium is payable directly

to us or our agents or indirectly under a premium finance plan or extension of credit. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation.

- c. A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to insurability has become known during the policy period. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- d. Loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease, at the time of cancellation, shall be certified to the Insurance Commissioner as directly affecting in-force policies. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- e. Material failure to comply with policy terms, conditions or contractual duties. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

f. Other reasons that the Insurance Commissioner may approve. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

This policy may also be cancelled from inception upon discovery that the policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by us.

4. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. Notice of cancellation will state the specific reasons for cancellation.
5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
6. If the policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata and will be returned within 10 business days after the effective date of cancellation. If the first Named Insured cancels, the refund may be less than pro rata and will be returned within 30 days after the effective date of cancellation. The cancellation will be effective even if we have not made or offered a refund.

7. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

B. The following are added and supersede any provisions to the contrary:

1. Nonrenewal

If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the specific reasons for nonrenewal, to the first Named Insured at least 60 days before the expiration date of the policy.

2. Increase Of Premium

If we increase your renewal premium, we will mail or deliver to the first Named Insured written notice of our intent to increase the premium at least 30 days before the effective date of the premium increase.

Any notice of nonrenewal or renewal premium increase will be mailed or delivered to the first Named Insured's last known address. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.



ERIE INSURANCE GROUP

COMMERCIAL INLAND MARINE
COMMERCIAL GENERAL LIABILITY
FIVESTAR CONTRACTORS
ULTRAFLEX PACKAGE
ULTRAPACK BUSINESS
ULTRASURE FOR PROPERTY OWNERS
GU-44 (Ed. 3/01) UF-6770

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
PENNSYLVANIA AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE POLICY
COMMERCIAL GENERAL LIABILITY POLICY
FIVESTAR CONTRACTORS' POLICY
ULTRAFLEX PACKAGE POLICY
ULTRAPACK BUSINESS POLICY
ULTRASURE FOR PROPERTY OWNERS POLICY

A. Concealment, Fraud or Misrepresentation of the General Policy Conditions is replaced by the following:

Concealment, Fraud, or Misrepresentation

This policy may be canceled, if before or after a loss, the insured has intentionally concealed or misrepresented any material fact or circumstance which affects the insurability of the risk.

In the event of a fraudulent claim, we will not make payments for the loss.

B. Transfer Of Your Rights And Duties Under This Policy of the **General Policy Conditions** is replaced by the following:

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.

If you die, this Coverage Part will remain in effect as provided in 1. or 2 below, whichever is later:

1. For 180 days after your death regardless of the policy period shown in the Declarations, unless the insured property is sold prior to that date; or
2. Until the end of the policy period shown in the Declarations, unless the insured property is sold prior to that date.

Coverage during the period of time after your death is subject to all provisions of this policy including payment of any premium due for the policy period shown in the Declarations and any extension of that period.

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) § 4

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Forms(s) and/or Policy(s):

Ultraflex Package

Additional Information, if any, concerning the terrorism premium:

SCHEDULE – PART II (Refer to Paragraph B. in this endorsement)

Federal share of Terrorism Losses 85% Year: 2015

Federal share of Terrorism Losses 84% Year: 2016

Federal share of Terrorism Losses 83% Year: 2017

Federal share of Terrorism Losses 82% Year: 2018

Federal share of Terrorism Losses 81% Year: 2019

Federal share of Terrorism Losses 80% Year: 2020

(Applicable if policy is in force)

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

A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses at-

tributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion,

and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.



ERIE INSURANCE GROUP

ULTRAFLEX PACKAGE
ULTRAPACK BUSINESS
ULTRASURE FOR PROPERTY OWNERS
ULTRASURE FOR LANDLORDS
FIVESTAR CONTRACTORS'
COMMERCIAL PROPERTY
UF-8705 (Ed. 6/96)(r)

IMPORTANT NOTICE - NO FLOOD COVERAGE

Your basic policy covers losses from many perils. However, it **DOES NOT** provide coverage for flood loss.

Insurance covering flood loss is generally available through the National Flood Insurance Program.

In an effort to serve you, information about flood insurance and the National Flood Insurance Program can be provided by your ERIE Agent.

ERIE INSURANCE
BOAT PROTECTOR
BUSINESS CATASTROPHE LIABILITY
COMMERCIAL FIRE
COMMERCIAL CRIME
COMMERCIAL GENERAL LIABILITY
COMMERCIAL INLAND MARINE
DWELLING PROPERTY/PERSONAL LIABILITY
FIVESTAR CONTRACTORS'
HOMEPROTECTOR
MOBILE HOMEPROTECTOR
PERSONAL CATASTROPHE LIABILITY
PERSONAL INLAND MARINE
SURETY
ULTRAFLEX PACKAGE
ULTRAPACK BUSINESS
ULTRASURE FOR LANDLORDS
ULTRASURE FOR PROPERTY OWNERS
WORKERS' COMPENSATION
UF-4810 (Ed. 3/08)

IMPORTANT NOTICE - POLICY SERVICE FEES

Dear Policyholder:

SERVICE FEES - For policies effective on and after March 1, 2008, the following service fees will be applicable to all payment plans.

- **Returned Payment Fee** - A **\$25.00** charge will be applied to your account if your check or other payment is returned unpaid by your financial institution.
- **Late Fee** - A **\$10.00** charge will be applied to your account when a cancellation notice is issued on your policy because of non-payment of premium.
- **Reinstatement Fee** - A **\$25.00** charge will be applied to your account when your policy is reinstated with a lapse in coverage following cancellation of your policy because of non-payment of premium.

If you have any questions concerning this Important Notice, please contact your ERIE Agent.



ERIE INSURANCE GROUP

FIVESTAR CONTRACTORS
UT/TRAFLEX PACKAGE
COMMERCIAL GENERAL LIABILITY
(Ed. 8/09) UF-6330

IMPORTANT NOTICE: DO YOU USE SUBCONTRACTORS?

If you use subcontractors in your business, please read the following notice.

It is important to have and maintain Certificates of Insurance for all subcontractors. This will verify that each subcontractor is adequately insured and may protect your business from costly losses. If you do not have and maintain certificates from subcontractors, their costs will be added to the audited payroll of this policy according to the applicable general liability manual rules for uninsured subcontractors. These rules apply in all states where you operate. Uninsured subcontractors represent a significant increase to your general liability loss exposures and could impact your future insurability with ERIE.

When this liability policy was issued, the premium was based on estimated rating information for your operations. Payrolls were not estimated for subcontractors that you hired during the policy period. Therefore, you will be charged an additional premium for subcontractors who do not provide you with certificates of liability insurance, or those that do not have adequate general liability insurance limits. For a subcontractor, ERIE considers general liability insurance limits of at least \$1,000,000 to be adequate.

When your policy term expires, ERIE may audit your operations and review the subcontractors used during the policy term. The audit will ensure that you pay the appropriate premium for your exposure. As part of the audit process, we will ask you for copies of the Certificates of Insurance for each subcontractor that cover the time period the subcontractor performed work for you. Therefore, you may be required to submit more than one Certificate of Insurance for the same subcontractor. If you do not have the certificates, or cannot produce the certificates at the time of the audit, the subcontractor will be considered uninsured and a premium charge will be made.

If you have any questions regarding this notice, please contact your ERIE agent. Thank you for your business.

THIS IS AN ENDORSEMENT TO YOUR POLICY. PLEASE READ IT CAREFULLY.

SUBSCRIBER'S AGREEMENT

The following is the language of the Subscriber's Agreement that applies to policies issued by ERIE INSURANCE EXCHANGE. Definitions included in this Agreement apply only to the Subscriber's Agreement.

The Subscriber ("you" or "your") agrees with the other Subscribers at ERIE INSURANCE EXCHANGE ("ERIE"), a Reciprocal/Inter-Insurance Exchange, and with their Attorney-in-Fact, the Erie Indemnity Company ("we" or "us"), a Pennsylvania corporation with its Home Office in Erie, Pennsylvania, to the following:

1. You agree to pay your policy premiums and to exchange with other ERIE Subscribers policies providing insurance for any insured loss as stated in those policies.
2. You appoint us as Attorney-in-Fact with the power to: a) exchange policies with other ERIE Subscribers; b) take any action necessary for the exchange of such policies; c) issue, change, nonrenew or cancel policies; d) obtain reinsurance; e) collect premiums; f) invest and reinvest funds; g) receive notices and proofs of loss; h) appear for, compromise, prosecute, defend, adjust and settle losses and claims under your policies; i) accept service of process on behalf of ERIE as insurer; and j) manage and conduct the business and affairs of ERIE, its affiliates and subsidiaries. This power of attorney is limited to the purposes described in this Agreement.
3. You agree that as compensation for us: a) becoming and acting as Attorney-in-Fact; b) managing the business and affairs of ERIE; and c) paying general administrative expenses, including sales commissions, salaries and employee benefits, taxes, rent, depreciation, supplies and data processing, we may retain up to 25% of all premiums written or assumed by ERIE. The rest of the premiums will be used for losses, loss adjustment expenses, investment expenses, damages, legal expenses, court costs, taxes, assessments, licenses, fees, and any other governmental fines and charges, establishment of reserves and surplus, and reinsurance, and may be used for dividends and other purposes we decide are to the advantage of Subscribers.
4. You agree that this Agreement, including the power of attorney, shall have application to all insurance policies for which you apply at ERIE, including changes in any of your coverages.
5. You agree to sign and deliver to us all papers required to carry out this Agreement.
6. This Agreement, including the power of attorney, shall not be affected by your subsequent disability or incapacity.
7. This Agreement is and shall be binding upon you, us, and all executors, administrators, successors and assigns.

(Subscriber's Agreement language updated 1996.)

Form SA

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

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

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

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

SECTION I - COVERAGES

INSURING AGREEMENT

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 a peril insured against.

BUILDING(S) - COVERAGE 1

A. Covered Property

Building(s) means buildings described in the "Declarations" and anything permanently attached. It also includes:

1. Building equipment and fixtures servicing the premises;
2. Personal property you have for the service and maintenance of the buildings and premises including, but not limited to the following:
 - a. Fire extinguishing equipment;
 - b. Outdoor furniture;
 - c. Floor coverings;
 - d. Appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering; and
 - e. Flag poles and outdoor lights;
3. Vegetated roofs, including lawns, trees, shrubs, and plants which are part of a vegetated roof;
4. Glass which you own. The glass must be part of the building or in the building described in the "Declarations", including glass in wall cases.

Our payment for "loss" to glass will also include:

- a. Replacement of building glass with safety glazing materials when made necessary by an ordinance or building code;
- b. Replacement of lettering, ornamentation, or burglar alarm foil;

- c. Repair or replacement of frames;
 - d. Installation of temporary coverings; and
 - e. Removal of obstructions;
5. Exterior signs, lights, and clocks which you own. Exterior signs, lights, and clocks must be permanently attached to the building(s) on the premises described in the "Declarations".

B. Property Not Covered

Building(s) does not apply to:

1. Fences, walks, and unattached outbuildings not described in the "Declarations", except as provided in Extensions of Coverage - **A.2.**;
2. Outdoor swimming pools and equipment pertaining thereto not described in the "Declarations";
3. Bulkheads, pilings, piers, wharves, or docks not described in the "Declarations";
4. Bridges, roadways, patios, or other paved surfaces;
5. Retaining walls that are not part of a building, or not described in the "Declarations";
6. The cost of excavations, grading, backfilling, or filling;
7. Trees, shrubs, lawns, and plants (other than trees, shrubs, lawns, and plants which are part of a vegetated roof), except as provided in Extensions of Coverage - **A.8.**;
8. Unattached outdoor signs, lights, and clocks except as provided in Extensions of Coverage - **A.2.**;
9. Underground pipes, flues, or drains;
10. Land (including land on which covered property is located) or water; and
11. Property specifically insured in whole or in part by this or any other insurance.

C. Amount of Insurance

The most we will pay for "loss" or damage to any building described in the "Declarations" in any one occurrence is the applicable amount of insurance shown in the "Declarations" for that building subject to the applicable Automatic Adjustment of Coverage Amounts.

D. Automatic Adjustment of Coverage Amounts

This policy provides you with a guard against the effect of inflation on construction costs for **Building(s) - Coverage 1**.

We will keep track of costs and at the next policy period we will adjust the amount of your building coverage if necessary. Your premium will be adjusted at each policy period to reflect any change in the amount of insurance.

During the policy period, if there is an increase in construction costs and a "loss" occurs, we will reflect the increase in the amount of insurance for Building(s) - Coverage 1 before making payment. The amount of increase in the amount of insurance will be:

1. The amount of insurance that applied to your covered building(s) on the most recent of: the policy inception date, the policy anniversary date, or any other policy change amending the amount of insurance, times
2. The percentage of annual increase shown in the "Declarations", expressed as a decimal (example: 8% is .08), times
3. The number of days since the beginning of the current policy period or the effective date of the most recent policy change amending the amount of insurance to your covered building(s), divided by 365.

There will be no charge for this additional coverage.

If the amount of insurance shown in the "Declarations" for Building(s) - Coverage 1 is inadequate, these adjustments may not be sufficient to provide full recovery should a "loss" occur.

BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS - COVERAGE 2

A. Covered Property

Business Personal Property and Personal Property of Others means:

1. Personal property pertaining to your business, professional or institutional activities, including leased property for which you are contractually responsible;
2. Personal property of others that is in your care, custody, or control;
3. Labor, materials, or services furnished or arranged by you on personal property of others;
4. Your use interest as a tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations, or additions:
 - a. Made a part of the building or structure you occupy but do not own; and
 - b. You acquired or made at your expense but cannot legally remove;
5. Attached exterior signs which you own or which are in your care, custody, or control and for which you are contractually responsible. The attached exterior

signs must be permanently attached to the building on the premises described in the "Declarations"; and

6. Glass which is in your care, custody, or control and for which you are contractually responsible. The glass must be part of the building described in the "Declarations", including glass in wall cases.

Our payment for "loss" to glass will also include:

- a. Replacement of building glass with safety glazing materials when made necessary by an ordinance or building code;
- b. Replacement of lettering, ornamentation, or burglar alarm foil;
- c. Repair or replacement of frames;
- d. Installation of temporary coverings; and
- e. Removal of obstructions.

while in or on the described buildings, or in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof.

Our payment for "loss" of or damage to personal property of others will only be made to the owner of the property.

B. Property Not Covered

Business Personal Property and Personal Property of Others does not apply to:

1. "Automobiles" held for sale;
2. Vehicles or self-propelled machines (including "aircraft" or watercraft) that:
 - a. Can be licensed for use on public roads, except vehicles that are solely used to service the premises described in the "Declarations"; or
 - b. Are operated principally away from the premises described in the "Declarations".

This paragraph does not apply to:

- a. Vehicles or self-propelled machines or "automobiles" you manufacture, process, or warehouse;
 - b. Vehicles or self-propelled machines, other than "automobiles", you hold for sale or repair;
 - c. Rowboats or canoes out of water at the premises described in the "Declarations"; or
 - d. Trailers, but only to the extent provided for in the Extensions of Coverage - **B.22.**;
3. Unattached exterior signs, lights, and clocks, except as provided in Extensions of Coverage - **A.2.**;
 4. "Money" and "securities", except as provided in Extensions of Coverage - **B.4., B.6., B.9., B.19., and B.20.**;
 5. Your property sold on installment or deferred payment plans after delivery to customers;

6. Household and personal articles of the insured, the insured's partners, members or managers of a limited liability company, the insured's officers, or the insured's employees, except as provided in Extensions of Coverage - **B.23.**;
7. Trees, shrubs, lawns, and plants, except as provided in Extensions of Coverage - **A.9.**;
8. Crops and growing crops while outside of the building(s);
9. Contraband, or property in the course of illegal transportation or trade;
10. "Electronic data" including the cost to research, replace, or restore the information on "electronic data" or magnetic media, except as provided in **Section IV - Additional Coverages - C. 2.**

We will cover "electronic data" which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning, or security systems;

11. The cost to research, replace, or restore the information on valuable papers and records, except as provided in Extensions of Coverage - **B.30.** Valuable papers and records include proprietary information; written, printed, or inscribed documents and records; including books, maps, films, abstracts, drawings, deeds, mortgages, card index systems, and manuscripts;
12. Fine arts, except as provided in Extensions of Coverage - **B.12.** Fine arts include paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; porcelains; and similar property of rarity, historic value, or artistic merit;
13. Animals, unless owned by others and boarded by you or if owned by you as stock while inside the building(s) described in the "Declarations";
14. "Mobile equipment":
 - a. While being used or stored away from the premises described in the "Declarations"; or
 - b. While at or being transported to or from job sites away from the premises described in the "Declarations"; and
15. Property specifically insured in whole or in part by this or any other insurance.

C. Amount of Insurance

The most we will pay for "loss" or damage to Business Personal Property and Personal Property of Others on the premises described in the "Declarations" in any one occurrence is the applicable amount of insurance shown in the "Declarations" for Business Personal Property and Personal Property of Others on that premises.

ADDITIONAL INCOME PROTECTION - COVERAGE 3

A. Additional Income Protection Coverage

Income Protection means loss of "income" and/or "rental income" you sustain due to partial or total "interruption of business" resulting directly from "loss" or damage to property on the premises described in the "Declarations" from a peril insured against. "Loss" or damage also includes property in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof.

If you are a tenant, your premises are the portion of the building described in the "Declarations" which:

1. You rent, lease, or occupy;
2. All routes within the building that service or are used to gain access to the described premises; and
3. The area within 1,500 feet of the premises described in the "Declarations" (with respect to "loss" or damage to covered property in the open or in a vehicle).

You are required to resume normal business operations as promptly as possible and shall use all available means to eliminate any unnecessary delay.

B. Extra Expense Coverage

Extra expense coverage is provided at the premises described in the "Declarations" only if the "Declarations" show that Additional Income Protection Coverage applies to that premises.

"Extra expense" means necessary expenses you incur due to partial or total "interruption of business" resulting directly from "loss" or damage to property on the premises described in the "Declarations" from a peril insured against. "Loss" or damage also includes property in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof.

We will pay necessary actual and necessary "extra expenses" (other than the expense to repair or replace property) sustained by you to:

1. Avoid or minimize the "interruption of business" and to continue your business operations:
 - a. At the premises described in the "Declarations"; or
 - b. At replacement premises or at temporary locations, including:
 - 1) Relocation expenses; and
 - 2) Costs to equip and operate the replacement premises or temporary locations.
2. Minimize the "interruption of business" if you cannot continue your business operations to the extent it reduces the amount of loss that would have been payable under loss of "income" and/or "rental income".

We will not pay any "loss" or damage to your buildings or business personal property and personal property of others. We also will not pay the cost of research or any other expense to replace or restore your valuable papers and records or "elec-

tronic data". We will pay the extra cost to repair or replace your covered property and the amount to research, replace, or restore the lost information on damaged valuable papers and records or "electronic data" to the extent it reduces the amount of loss that would have been payable under loss of "income" and/or "rental income".

C. Additional Coverages

1. Civil Authority

When a peril insured against causes damage to property other than property at the premises described in the "Declarations", we will pay for the actual loss of "income" and/or "rental income" you sustain and necessary "extra expense" caused by action of civil authority that prohibits access to the premises described in the "Declarations" provided that both of the following apply:

- a. Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the premises described in the "Declarations" are within that area but are not more than one mile from the damaged property; and
- b. The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the peril insured against that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for "income" and/or "rental income" will begin 72 hours after the time of the first action of civil authority that prohibits access to the premises described in the "Declarations" and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority coverage for "extra expense" will begin immediately after the time of the first action of civil authority that prohibits access to the premises described in the "Declarations" and will end:

- a. Four consecutive weeks after the date of that action; or
- b. When your Civil Authority coverage for "income" and/or "rental income" ends;

whichever is later.

2. Full Resumption of Operations

We will also pay your actual loss of "income" and/or "rental income" for an additional 60 days if your "income" and/or "rental income" after operations are resumed is less than your "income" and/or "rental income" before the loss. The additional amount we will pay will start after the later of the following times:

- a. The date on which the liability for Additional Income Protection - Coverage 3 would terminate if this clause had not been included; or
- b. The date on which repair, replacement, or rebuilding of such part of the damaged or destroyed property described in the "Declarations" is actually completed.

D. Amount of Insurance

We will pay the actual loss of "income" and/or "rental income" sustained by you up to the Occurrence Limit shown in the "Declarations".

The "income" and/or "rental income" loss sustained by you shall not exceed:

1. The actual reduction of "income" and/or "rental income", during the "interruption of business"; and
2. The reduction in rents received less charges and expenses which do not necessarily continue during the "interruption of business", or during the period when the tenant cannot inhabit the premises.

We will pay up to \$100 a day, for seven (7) days, after your business is suspended to cover loss of "income" and/or "rental income" sustained by you while you are determining your actual income protection loss. The amount paid will be subtracted from your actual loss of "income" and/or "rental income".

Payment of loss of "income" and/or "rental income" is not limited by the end of the policy period.

Payments under the following coverages will not increase the applicable Occurrence Limit for Additional Income Protection - Coverage 3:

1. Extra Expense Coverage;
2. Civil Authority; or
3. Full Resumption of Operations.

GLASS AND LETTERING - COVERAGE 4

Covered Property

Glass and Lettering means for the premium shown in the "Declarations", the deductible does not apply to glass covered under Building(s) - Coverage 1 or Business Personal Property and Personal Property of Others - Coverage 2.

SIGNS, LIGHTS, AND CLOCKS - COVERAGE 5

Covered Property

The \$5,000 amount of insurance provided in Extensions of Coverage - Exterior Signs, Lights, and Clocks - A.2. is increased by the amount shown in the "Declarations" for those items that are separately scheduled and are subject to the exclusions listed in Section III - Exclusions and Section VIII - Extensions of Coverage.

The maximum amount of insurance we will pay for any one covered "loss" is the:

1. \$5,000 amount of insurance shown in the Extensions of Coverage - Exterior Signs, Lights, and Clocks - A.2.; and
2. The amount of insurance shown in the "Declarations".

If a deductible amount for Signs, Lights, or Clocks - Coverage 5 is shown in the "Declarations", this deductible amount replaces the \$100 deductible amount shown in Paragraph A.2. of Exterior Signs, Lights, and Clocks of Section VIII - Extensions of Coverage.

SECTION II - PERILS INSURED AGAINST

BUILDING(S) - COVERAGE 1

BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS - COVERAGE 2

ADDITIONAL INCOME PROTECTION - COVERAGE 3

Covered Cause of Loss

This policy insures against direct physical "loss", except "loss" as excluded or limited in this policy.

GLASS AND LETTERING - COVERAGE 4

Covered Cause of Loss

For Glass and Lettering this policy insures against direct physical "loss" to glass, except fire and scratching, and as excluded or limited in this policy.

SECTION III - EXCLUSIONS

A. Coverages 1, 2, 3, 4, and 5

We do not cover under Building(s) - Coverage 1; Business Personal Property and Personal Property of Others - Coverage 2; Additional Income Protection - Coverage 3; Glass and Lettering - Coverage 4; and Signs, Lights, and Clocks - Coverage 5 "loss" or damage caused directly or indirectly by any of the following. Such "loss" or damage is excluded regardless of any cause or event that contributes concurrently or in any sequence to the "loss":

1. Deterioration or depreciation.
2. Intentional loss, meaning any "loss" arising from an act committed by or at the direction of the insured with the intent to cause a "loss".
3. "Loss" or damage caused by or resulting from any of the following:
 - a. By weather conditions, but only if weather conditions contribute in any way with a peril excluded in Part A. of Section III - Exclusions to produce the "loss";
 - b. By acts or decisions, including the failure to act or decide, of anyone;
 - c. By faulty, inadequate, or defective:
 - 1) Planning, zoning, development, surveying;
 - 2) Design, specifications, workmanship, repair, construction, renovating, remodeling, grading, or compaction;
 - 3) Materials used in repair, construction, renovation, or remodeling; or
 - 4) Maintenance;

of property whether on or off the insured premises by anyone, but if "loss" by a peril insured against results, we will pay for the ensuing "loss".

4. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of "loss".
5. Earth Movement
 - a. Earthquake, including tremors and aftershocks, and any earth sinking, rising, or shifting related to such event;
 - b. Landslide, including any earth sinking, rising, or shifting related to such event;
 - c. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased; or
 - d. 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.

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

But if Earth Movement, as described in 5.a. through 5.d. above, results in fire, explosion, sprinkler leakage, volcanic action, or building glass breakage, we will pay for the "loss" or damage caused by such perils.

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.

This does not include the cost to remove ash, dust, or particulate matter that does not cause direct "loss" to the covered property.

This exclusion does not apply to property being transported.

6. Water
 - a. Flood, surface water, waves, (including tidal water and tsunami), tides, tidal wave, overflow of any body of water or spray from any of these, all whether or not driven by wind (including storm surge);
 - b. Mudslide or mudflow;
 - c. By water or sewage which backs up through sewers or drains, or which enters into and overflows or is otherwise discharged from a sewer, drain, sump pump, sump pump well, or any other

system designed to remove subsurface water which is drained from the foundation area;

- d. Water under the ground surface pressing on, or flowing or seeping through:
 - 1) Foundations, walls, floors, or paved surfaces;
 - 2) Sidewalks or driveways;
 - 3) Basements, whether paved or not; or
 - 4) Doors, windows, or other openings.
- e. Water from a broken water main. However, this exclusion does not apply to water flowing or seeping from a broken water main where the break occurs on the premises described in the "Declarations".
- f. Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 6.a., 6.c., 6.d., or 6.e. or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs 6.a. through 6.f., 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 Paragraphs 6.a. through 6.f. results in fire, explosion, sprinkler leakage, volcanic action, or building glass breakage, we will pay for the "loss" or damage caused by such perils.

If electrical "covered equipment" requires drying out because of Paragraphs 6.a. through 6.c., we will pay for the direct expenses of such drying out subject to the applicable Amount of Insurance and deductible for Buildings – Coverage 1 and Business Personal Property and Personal Property of Others – Coverage 2.

This exclusion does not apply to property being transported.

7. War

- a. War including undeclared or civil war;
- 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
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War

exclusion supersedes Paragraph A. 9. of Section III – Exclusions, the nuclear hazard exclusion.

8. Seizure or destruction of covered property by order of governmental authority, except as provided in Extensions of Coverage - B.3. and B.15.

We will also cover "loss" caused by acts of destruction ordered by governmental authority to prevent the spread of a fire.

9. Nuclear reaction or radiation, or radioactive contamination unless fire ensues, and then only for ensuing "loss".
10. By the enforcement of or compliance with any law or ordinance regulating the construction, use, or repair of any property, or requiring the tearing down of any property, including the cost of removing its debris, except as provided in Extensions of Coverage - B.3., B.7., and B.8.
11. The failure of power, communication, water, or other utility service supplied to the insured premises, however caused, if the failure:
 - a. Originates away from the insured premises described in the "Declarations"; or
 - b. Originates at the premises described in the "Declarations", but only if such failure involves equipment used to supply the utility service to the premises described in the "Declarations" from a source away from the premises described in the "Declarations";

except as provided in Section IV. Additional Coverages, D. Equipment Breakdown, 2.h. and 2.i. and Extensions of Coverage - A.5. and A.7., unless a covered "loss" ensues, and then only for ensuing "loss".

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

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

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

Exclusions A.5. through A.11. apply whether or not the loss event results in widespread damage or affects a substantial area.

B. Coverages 1, 2, and 3

We do not cover under Building(s) - Coverage 1, Business Personal Property and Personal Property of Others - Coverage 2, and Additional Income Protection - Coverage 3 "loss" or damage caused:

1. By:
 - a. Wear and tear, rust, or corrosion;
 - b. Change in flavor, color, texture, or finish;

- c. Damp or dry air;
- d. Inherent vice;
- e. Smog;
- f. Latent or hidden defect;
- g. Marring or scratching;
- h. Smoke, vapor, or gases from agricultural or industrial operations;
- i. Settling, cracking, shrinking, bulging or expansion of pavements, foundations, walls, floors, roofs, or ceilings;
- j. Termites, vermin, insects, rodents, birds (except glass breakage), skunks, raccoons, spiders, or reptiles; or
- k. Mechanical breakdown, including rupture or bursting caused by centrifugal force (except as provided in **Section IV. Additional Coverages, D. Equipment Breakdown Coverage**).

unless a covered "loss" including "accident" or "electronic circuitry impairment" ensues, and then only for ensuing "loss".

- 2. By discharge, dispersal, seepage, migration, release, or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release, or escape is itself caused by a peril insured against. But if "loss" or damage by a peril insured against results from the discharge, dispersal, seepage, migration, release, or escape of "pollutants", we will pay for the resulting damage caused by the peril insured against.
- 3. By mysterious disappearance, unexplained loss, or inventory shortage. We will accept inventory records as a means of proving the amount of a covered "loss".
- 4. By the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot, or bacteria.

But if "fungus", wet or dry rot, or bacteria results in a covered loss from a peril insured against, we will pay for the loss or damage caused by that peril insured against.

This exclusion does not apply:

- a. When "fungus", wet or dry rot, or bacteria results from fire or lightning; or
 - b. To the extent that coverage is provided in **Section IV – Additional Coverages - Limited Coverage For "Fungus", Wet Rot, Dry Rot, And Bacteria** with respect to loss or damage caused by a peril insured against other than fire or lightning.
- 5. By 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.

- 6. By freezing due to temperature reduction to plumbing, heating, air conditioning, or other equipment or appliances (except fire protective systems) or by water, other liquids, powder or molten material that leaks or flows from such items while the described building is vacant for more than 60 consecutive days, unless you have exercised reasonable care to:
 - a. Maintain heat in the building; or
 - b. Shut off the water supply and drain the system or appliance of water.
- 7. By collapse, including any of the following conditions of property or any part of the property:
 - a. An abrupt falling down or caving in;
 - b. Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - c. Any cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion as such condition relates to a. or b. above.

But if collapse results in a peril insured against at the premises described in the "Declarations", we will pay for the "loss" or damage caused by the peril insured against.

Exclusion B.7. does not apply:

- a. To the extent that coverage is provided in **Section IV - Additional Coverages, A. Collapse**; or
- b. To collapse caused by one or more of the following:
 - 1) Fire; lightning; windstorm; hail; explosion; smoke; "aircraft"; vehicles; riot; civil commotion; vandalism or malicious mischief; breakage of building glass; falling objects; weight of snow, ice, or sleet; sinkhole collapse; or volcanic action.

Sinkhole collapse means "loss" caused by sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

This peril does not include:

- a) The cost of filling sinkholes, except to the extent that coverage is provided in **Section IV - Additional Coverages A. Collapse**; or
 - b) "Loss" or damage to property caused by or resulting from the sinking or collapse of land into man-made underground cavities;
- 2) Water damage resulting from the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of plumbing, heating, air conditioning, or other equipment or appliances, but does not include damage from a

sump pump, sump pump well, or any other system designed to remove subsurface water which is drained from the foundation areas;

- 3) Breakage of building glass;
 - 4) Weight of rain that collects on a roof; or
 - 5) Weight of people or personal property.
8. By explosion of, including resulting damage to, steam boilers, steam pipes, steam turbines, or steam engines if owned by, leased by, or operated under your control (except as provided in **Section IV. Additional Coverages, D. Equipment Breakdown Coverage**). We also do not cover damage to these caused by any condition or occurrence within the boilers, pipes, turbines, or engines (except as provided in **Section IV. Additional Coverages, D. Equipment Breakdown Coverage**). We will pay for "loss" from the explosion of gases or fuel within the combustion chamber, flues, or passages of any fired vessel. We will also pay for "loss" by ensuing fire or explosion not included in this paragraph.
9. To hot water boilers or other water heating equipment, caused by a condition or occurrence within the boilers or equipment other than an explosion (except as provided in **Section IV. Additional Coverages, D. Equipment Breakdown Coverage**).
10. By artificially generated electrical current including electric arcing (except as provided in **Section IV. Additional Coverages, D. Equipment Breakdown Coverage**), unless fire or explosion ensues, and then only for ensuing "loss".
11. To the interior of the building or the contents by rain, snow, sand, or dust, whether driven by wind or not, unless the exterior of the building first sustains damage to its roof or walls by a peril insured against. We will pay for "loss" caused by or resulting from the thawing of snow, sleet, or ice on the building.
12. To outdoor radio or television antennas (including satellite dishes) and its lead-in wiring, masts, or towers by windstorm or hail.
13. By dishonest or criminal acts (including theft) committed by you, or any of your members of a limited liability company, or any of your employees (including temporary or leased employees), directors, officers, trustees, or authorized representatives:
- a. Acting alone or in collusion with other persons; or
 - b. While performing services for you or otherwise.
- We will cover acts of destruction by your employees (including temporary or leased employees) but only for ensuing "loss", but there is no coverage for "loss" or damage:
- a. By theft by your employees (including temporary or leased employees) or any person to whom you entrust property for any purpose, whether

acting alone or in collusion with any other party; or

- b. Caused by or resulting from manipulation, including the introduction or enactment of any virus, harmful code, or similar instruction, of a computer system (including "electronic data") by your employees.
14. From any defect, programming error, programming limitation, computer virus, malicious code, loss of "electronic data", loss of access, loss of use, loss of functionality, or other condition within or involving "electronic data" or "media" of any kind, except as provided in **Section IV – Additional Coverages – C.1., C.2., and C.3.**
15. To any merchandise, goods, or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production, or use of the product, including planning, testing, processing, packaging, installation, maintenance, or repair. This exclusion applies to any effect that compromises the form, substance, or quality of the product. But if such error or omission results in a "loss" by a peril insured against, we will pay for the "loss" or damage caused by that peril insured against.
16. By or resulting from any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness, or disease.

C. Coverage 1

We do not cover under Building(s) - Coverage 1 "loss" or damage caused:

1. To fences, pavements, outdoor swimming pools and related equipment, retaining walls, bulkheads, piers, wharves, or docks, when covered under the policy, by freezing or thawing, impact of watercraft, or by the pressure or weight of ice or water whether driven by wind or not.
2. To building materials and supplies not attached as part of the building, unless held for sale by you, caused by or resulting from theft. We will cover "loss" to building materials and supplies located in the building on the premises described in the "Declarations" caused by a peril insured against including theft. We will pay up to 10% of the Building(s) – Coverage 1 limit but not to exceed \$100,000 for any one "loss".
3. To vegetated roofs for "loss" caused by or resulting from:
 - a. Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - b. Changes in or extremes of temperature;
 - c. Disease;
 - d. Frost or hail; or
 - e. Rain, snow, ice, or sleet.

D. Coverage 2

We do not cover under Business Personal Property and Personal Property of Others - Coverage 2 "loss" or damage caused:

1. From your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title or possession of any property.
2. By breakage of glassware, statuary, marble, bric-a-brac, porcelains, and other articles of a fragile or brittle nature. We will cover such "loss" caused by fire; lightning; "aircraft"; explosion; sonic boom; riot; civil commotion; smoke; vehicles; windstorm; hail; vandalism or malicious mischief; falling objects (the exterior of the building must first sustain damage to roof or walls by falling objects); sinkhole collapse; volcanic action; weight of ice, snow, or sleet; sprinkler leakage; or water damage.
3. By rain, snow, or sleet to property in the open.
4. By any legal proceeding.
5. By actual work upon property being altered, repaired, installed, serviced, or faulty materials or workmanship, unless fire ensues, and then only for "loss" through ensuing fire.
6. By delay, loss of use, or loss of market.
7. To property that has been transferred to a person or to a place outside the premises described in the "Declarations" on the basis of unauthorized instructions.
8. By theft of furs and fur garments. We will pay for "loss" of furs and fur garments by "burglary" up to \$10,000 for any one "loss".
9. By theft of gold and other precious metals and alloys. We will pay for theft of any one article of jewelry up to \$500, but our payment will not exceed \$10,000 for any one "loss". Jewelry means jewelry, necklaces, bracelets, rings, earrings, gems, precious and semi-precious stones, articles containing one or more gems, and articles made of gold or other precious metals.

E. Coverage 3

We do not cover under Additional Income Protection - Coverage 3:

1. Increase of loss resulting from ordinance or law regulating construction or repair of buildings.
2. Consequential damages resulting from the breach of contractual obligations.
3. Increase of loss caused by or from 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.
4. Loss due to delay or loss of market.

5. Increase of loss caused by or resulting from the suspension, lapse, or cancellation of any license, lease, or contract. We will pay for loss of "income" and/or "rental income" during the "interruption of business" and during the period of Full Resumption of Operations if the suspension, lapse, or cancellation is caused by the suspension of your business.
6. "Extra expense" caused by the suspension, lapse, or cancellation of any license, lease, or contract beyond the "interruption of business".
7. Increase of loss resulting from ordinance or law regulating the prevention, control, repair, clean-up, or restoration of environmental damage.
8. Income protection specifically insured in whole or in part by this or any other insurance.

SECTION IV - ADDITIONAL COVERAGES

A. Collapse

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

1. For the purpose of this **Additional Coverage - Collapse**, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical "loss" or damage to covered property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Part or that contains Covered Property insured under this Coverage Part, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling, or renovation if the abrupt collapse occurs during the course of construction, remodeling, or renovation; or
 - d. Use of defective material or methods in construction, remodeling, or renovation if the abrupt collapse occurs after the course of the construction, remodeling, or renovation is complete, but only if the collapse is caused in part by:
 - 1) A cause of loss listed in **2.a.** and **2.b.** above;
 - 2) Fire; lightning; windstorm; hail; explosion; smoke; "aircraft"; vehicles; riot; civil commotion; vandalism or malicious mischief; breakage of building glass; falling objects; weight of snow, ice, or sleet; sinkhole collapse; or volcanic action.

Sinkhole collapse means "loss" caused by sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

This peril does not include:

- a) The cost of filling sinkholes except as provided in Paragraph 3. below; or
 - b) "Loss" or damage to property caused by or resulting from the sinking or collapse of land into man-made underground cavities;
- 3) Water damage resulting from the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of plumbing, heating, air conditioning, or other equipment or appliances, but does not include damage from a sump pump, sump pump well, or any other system designed to remove subsurface water which is drained from the foundation areas;
- 4) Breakage of building glass;
- 5) Weight of people or personal property; or
- 6) Weight of rain that collects on a roof.
3. We will pay up to \$20,000 for expenses involved in replacing, stabilizing, refilling, or rebuilding the land necessary to support the building described in the "Declarations" damaged by sinkhole collapse. This payment of \$20,000 is an additional amount of insurance and will increase the total amount of insurance available.
4. This **Additional Coverage - Collapse** does not apply to:
- a. A building or any part of a building that is in danger of falling down or caving in;
 - b. A part of a building that is standing, even if it has separated from another part of the building; or
 - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion.
5. With respect to the following property:
- a. Outdoor radio or television antennas (including satellite dishes) and its lead-in wiring, masts, or towers;
 - b. Awnings, gutters, and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves, and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways, and other paved surfaces;

if an abrupt collapse is caused by a cause of "loss" listed in 2.a. through 2.d., we will pay for "loss" or

damage to that property listed in 5.a. through 5.i. only if:

- a. Such "loss" or damage is a direct result of the abrupt collapse of a building insured under this Coverage Part; and
 - b. The property is Covered Property under this Coverage Part.
6. If business personal property and personal property of others falls down or caves in and such collapse is **not** the result of an abrupt collapse of a building, we will pay for "loss" or damage to insured property caused by such collapse of business personal property and personal property of others only if:
- a. The collapse of business personal property and personal property of others was caused by a cause of loss listed in 2.a. through 2.d.;
 - b. The business personal property and personal property of others which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in 5.a. through 5.i., regardless of whether that kind of property is considered to be business personal property or real property.

The coverage stated in this Paragraph 6. does not apply to business personal property and personal property of others if marring and/or scratching are the only damage to that business personal property and personal property of others caused by the collapse.

7. This **Additional Coverage - Collapse** does not apply to business personal property and personal property of others that has not abruptly fallen down or caved in, even if the business personal property and personal property of others shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion. .
8. This **Additional Coverage - Collapse** will not increase the Amounts of Insurance provided in this Coverage Part other than what is provided above in **Section IV – Additional Coverages, Paragraph A. 3.**
9. The term peril insured against includes the **Additional Coverage - Collapse** as described and limited in **A.1. through A.7.**
- B. Limited Coverage for "Fungus", Wet Rot, Dry Rot, And Bacteria**

1. The coverage described in Paragraphs 2. through 6. below only applies when the "fungus", wet or dry rot, or bacteria is the result of a peril insured against, other than fire and 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 "fungus", wet or dry rot, or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot, or bacteria, including the cost of removal of the "fungus", wet or dry rot, or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot, or bacteria; and
 - c. The cost of testing performed before, during, or after removal, repair, replacement, or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot, or bacteria are present.
3. The coverage described in Paragraph 2. above of this Limited Coverage is limited to \$25,000. 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 caused by a peril insured against, other than fire and lightning, which takes place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot, or bacteria, we will not pay more than a total of \$25,000 even if the "fungus", wet or dry rot, or bacteria continues to be present, active, or recurs, in a later policy period.
 4. The coverage provided under this Limited Coverage does not increase the applicable Amounts of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot, or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Amounts of Insurance on the affected Covered Property.

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Exclusions B. 4. Coverages 1, 2, and 3 in Section III - Exclusions or under Section IV - Additional Coverages - A. Collapse.
6. The following Paragraphs 6. a. or 6. b. applies only if the "interruption of business" satisfies all terms and conditions of Additional Income Protection - Coverage 3 and Extension of Coverage - Income Protection Coverage.
 - a. If the covered loss which resulted in "fungus", wet or dry rot, or bacteria does not itself necessitate an "interruption of business", but such "interruption of business" is necessary due to loss or damage to covered property caused by "fungus",

wet or dry rot, or bacteria, then we will pay the actual loss of "income" and/or "rental income" sustained by you in a period of not more than 30 days. The days need not be consecutive.

- b. If the "interruption of business" was caused by loss or damage other than "fungus", wet or dry rot, or bacteria but remediation of "fungus", wet or dry rot, or bacteria prolongs the "interruption of business", we will pay the actual loss of "income" and/or "rental income" sustained by you during the delay (regardless of when such a delay occurs during the "interruption of business") in a period of not more than 30 days. The days need not be consecutive.
7. The coverage described under Paragraph 6. of this Limited Coverage is limited to \$25,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss of "income" and/or "rental income" arising out of your "interruption of business" in a 12-month period (starting with the beginning of the present annual policy period). With respects to a particular occurrence of loss which results in "fungus", wet or dry rot, or bacteria, we will not pay more than a total of \$25,000 for loss of "income" and/or "rental income" even if the "fungus", wet or dry rot, or bacteria continues to be present or active, or recurs in a later policy period resulting in an "interruption of business".
 8. This coverage does not apply to lawns, trees, shrubs, or plants which are part of a vegetated roof.

C. Electronic Data Processing Equipment and Electronic Data Coverage

Payments under this Electronic Data Processing Equipment, Electronic Data Coverage, and Income Protection are an Additional Amount of Insurance and will increase the total amount of insurance available for the coverage involved.

1. Electronic Data Processing Equipment - Computer Virus

We will cover "loss" or damage to "electronic data processing equipment" caused by magnetic injury or computer virus. We will pay up to \$10,000 for any one "loss" to "electronic data processing equipment".

We do not cover:

- a. "Electronic data processing equipment" which the insured rents or leases to others while it is away from the premises described in the "Declarations".
- b. "Loss" caused by processing operations or "loss" that occurred while the insured property is being worked on unless fire or explosion ensues, and then only for "loss", damage, or expense caused by the ensuing fire or explosion.

"Electronic data processing equipment" means computers, terminals, teleprinters, readers, telephone sys-

tems, computerized cash registers, word processing equipment, and equipment and parts related to the processing unit.

"Electronic data processing equipment" does not include computer operated or controlled production or processing machinery or equipment or a separate computer or computerized control panels used to operate the production or processing machinery or equipment.

We will pay for "loss" to "electronic data processing equipment" which is in excess of the deductible amount shown in the "Declarations".

2. **Electronic Data – Expenses for Reproduction or Replacement**

We will cover the expenses incurred to reproduce or replace your "electronic data" when destruction or corruption is caused by a peril insured against including loss by theft. This includes your "electronic data" that is destroyed or corrupted by magnetic injury, 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 disrupts its normal operation.

Coverage is limited to "electronic data" which is owned by you, or licensed or leased to you, originates and resides in your computers.

This Additional Amount of Insurance does not apply to "electronic data" which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning, or security systems.

"Loss" or damage to "electronic data" will be valued at the cost of reproduction or replacement including the cost of data entry, re-programming, and computer consultation services. But we will not pay the cost to duplicate research that led to the development of your "electronic data".

To the extent that "electronic data" is not reproduced or replaced, the "loss" will be valued at the cost of replacement of the "media" on which "electronic data" was stored, with blank "media" of substantially identical type.

The most we will pay for the expenses incurred in the reproduction or replacement of your "electronic data" is \$25,000.

"Media" means materials on which "electronic data" are recorded, such as magnetic tapes, disc packs, paper tapes, and cards.

We will pay for the expenses incurred in the reproduction or replacement of your "electronic data" which is in excess of the deductible amount shown in the "Declarations".

3. **Income Protection – Computer Operations**

- a. Additional Income Protection – Coverage 3 is extended to cover your loss of "income" you sustain due to partial or total "interruption of business" resulting directly from an interruption in your computer operations due to your "electronic data" being destroyed or corrupted caused by a peril insured against including loss by theft. This includes your loss of "income" resulting from your "electronic data" that is destroyed or corrupted by magnetic injury, 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.
- b. The most we will pay for your loss of "income" due to "interruption of business" resulting from an interruption to your computer operations in any one policy year, regardless of the number of interruptions or the number of premises, locations, or computer systems involved is \$25,000. If the loss payment relating to the first interruption does not exhaust this amount of insurance, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions during that 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.
- c. This Income Protection coverage does not apply to loss sustained or expense incurred after the end of the period of restoration even if the \$25,000 amount of insurance has not been exhausted.
- d. Coverage for Income Protection does not apply when "interruption of business" is due to damage or corruption of "electronic data", or any "loss" to "electronic data", except as provided under Paragraphs a. through c. of this Income Protection - Computer Operations.

No deductible applies to Income Protection – Computer Operations.

4. **Exclusions – Electronic Data – Expenses for Reproduction or Replacement and Income Protection – Computer Operations**

We do not cover under Electronic Data – Expenses for Reproduction or Replacement and Income Protection – Computer Operations:

- a. "Media" and "electronic data" which cannot be replaced with the same kind or quality.
- b. Program support documentation such as flow charts, record formats, or narrative descriptions

unless they are converted to "electronic data" form and then only in that form.

- c. "Loss" caused by errors or omissions or deficiency in design, specifications, materials, or workmanship, unless fire or explosion ensues, and then only for "loss", damage, or expense caused by the ensuing fire or explosion.
- d. "Loss" caused by errors or omissions in programming or processing operations or "loss" that occurred while the insured property is being worked on unless fire or explosion ensues, and then only for "loss", damage, or expense caused by the ensuing fire or explosion.
- e. "Loss" or damage caused by or resulting from manipulation, including the introduction or enaction of any virus, harmful code, or similar instruction 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.

D. Equipment Breakdown Coverage

The term Covered Cause of Loss in **Section II – Perils Insured Against** includes the **Additional Coverage – Equipment Breakdown Coverage** as described and limited below. Without an "accident" or "electronic circuitry impairment", there is no Equipment Breakdown Coverage. This **Additional Coverage – Equipment Breakdown Coverage** is subject to the policy deductible shown in the "Declarations".

- 1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident" or "electronic circuitry impairment". We will consider "electronic circuitry impairment" to be physical damage to "covered equipment".
- 2. The following coverages also apply to the direct result of an "accident" or "electronic circuitry impairment". However, with respect to **Off-Premises Utility Properties Failure** below and **Section VIII - Extensions of Coverage – B. 5. Contingent Business Interruption** coverages provided in this Coverage Part, coverage will only apply to the direct result of an "accident" and will not apply to the direct result of an "electronic circuitry impairment". These coverages do not provide additional amounts of insurance

a. Ammonia Contamination

If Covered Property is contaminated by ammonia as a result of an "accident" or "electronic circuitry impairment", we will pay up to \$25,000 including salvage expense for any one "loss".

b. Electronic Data Restoration

- 1) We will pay for your reasonable and necessary cost to research, replace, and restore lost "electronic data".
- 2) We will pay up to \$50,000 for loss or expense under this coverage, including actual loss of "income" and/or "rental income" you sustain due to partial or total "interruption of business" and necessary "extra expense" you incur.

c. Expediting Expenses

With respect to your damaged Covered Property, we will pay up to \$25,000 for the reasonable extra cost to:

- 1) Make temporary repairs; and
- 2) Expedite permanent repairs or permanent replacement.

d. Hazardous Substances

- 1) We will pay your additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.
- 2) This does not include contamination of Covered Property by refrigerant, including but not limited to ammonia, which is addressed in Paragraph 2.a. above. As used in this coverage, additional costs mean those beyond what would have been payable under this coverage had no "hazardous substance" been involved.
- 3) We will pay up to \$25,000 for "loss", damage or expense under this coverage, including actual loss of "income" and "rental income" you sustain due to partial or total "interruption of business" and necessary "extra expense" you incur.

e. Off Premises Equipment Breakdown

- 1) We will pay for physical damage to transportable "covered equipment" that, at the time of the "accident" or "electronic circuitry impairment", is at a location you do not own, lease or operate. As respects to this Off Premises Equipment Breakdown coverage only, the "accident" or "electronic circuitry impairment" may occur in the United States, its territories and possessions, Puerto Rico, and Canada.
- 2) We will also pay for your reasonable and necessary cost to research, replace, and restore lost "electronic data" contained within "covered equipment" as described under Paragraph 1) above. This amount may not exceed the limit applicable to Electronic Data Restoration.

- 3) We will pay up to \$25,000 for "loss" or damage under this coverage as described in Paragraphs 1) and 2) above.
- f. Off-Premises Utility Properties Failure
- 1) Any insurance provided for Income Protection and Extra Expense for Electronic Data Restoration as described in Paragraph 2.b. above or Refrigerated Property as described in Paragraph 2. h. below is extended to apply to your loss, damage, or expense caused by a failure or disruption of service to the premises described in the "Declarations". The failure or disruption of service must be caused by an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility, or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, "cloud computing services", wide area networks, or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.
 - 2) "Cloud computing services" must be provided by a professional provider with whom you have a contract.
 - 3) With respect to the Electronic Data Restoration portion of this Off-Premises Utility Properties Failure coverage, coverage will also apply to "electronic data" stored in the equipment of a provider of "cloud computing services".
 - 4) Any insurance provided for Income Protection or Electronic Data Restoration will not apply under this Off-Premises Utility Properties Failure coverage unless the failure or disruption of service exceeds 24 hours immediately following the "accident". If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.
 - 5) The most we will pay in any "one equipment breakdown" for loss, damage, or expense under this coverage is the applicable limit for Electronic Data Restoration as described in Paragraph 2. b. above or Refrigerated Property as described in Paragraph 2. h. below. The most we will pay in any "one equipment breakdown" for loss of "income" you sustain and "extra expense" you incur under Income Protection – Coverage 3 is \$25,000.
- g. Public Relations
- 1) This coverage only applies if you have sustained an actual loss of "income" covered under this **Additional Coverage – Equipment Breakdown Coverage**.
- 2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
 - a) The "media";
 - b) The public; or
 - c) Your customers, clients or members.
 - 3) Such costs must be incurred during the period of restoration or up to 30 days after the period of restoration has ended.
 - 4) We will pay up to \$5,000 for loss or expense under this coverage.
- h. Refrigerated Property
- Business Personal Property and Personal Property of Others – Coverage 2 covers "loss" to the contents of refrigeration equipment on the insured premises.
- i. Temperature Change
- Business Personal Property and Personal Property of Others – Coverage 2 covers "loss" resulting from temperature or humidity change.
3. Equipment Breakdown Coverage Exclusions
- The following exclusions are in addition to the exclusions in **Section III – Exclusions**:
- a. We will not pay for "loss", damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment":
 - 1) Fire, including smoke from a fire;
 - 2) Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere;
 - 3) Any other explosion, except as specifically covered under this Additional Coverage – Equipment Breakdown Coverage;
 - 4) Vandalism;
 - b. Coverage under this Additional Coverage – Equipment Breakdown Coverage does not apply to an "accident" or "electronic circuitry impairment" caused by or resulting from:
 - 1) Lightning;
 - 2) Windstorm or hail. However, this exclusion does not apply when:
 - a. "Covered equipment" located within a building or structure suffers an "accident" or "electronic circuitry impairment"

ment" that results from wind-blown rain, snow, sand, or dust; and

b. The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand, or dust entered.

- 3) Smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;
- 4) Breakage of glass; falling objects; weight of snow, ice, or sleet; freezing (caused by cold weather); collapse; or molten material;
- 5) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment;
- 6) An electrical breakdown test of any type of electrical equipment; or
- 7) Water or other means used to extinguish a fire.

c. With respect to Income Protection Coverage – Coverage 3 including Extra Expense Coverage and Off Premises Utility Properties Failure, we will also not pay for:

- 1) Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or
- 2) Any increase in loss resulting from an agreement between you and your customer or supplier.

d. We will not pay for any "loss" or damage to animals.

e. Exclusions b. 1), b. 2), b. 3) and b. 4) above shall not apply if:

- 1) The excluded cause of loss occurs away from any covered premises and causes an electrical surge or other electrical disturbance;
- 2) Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an "accident" or "electronic circuitry impairment"; and
- 3) The loss, damage, or expense caused by such surge or disturbance is not covered elsewhere under the policy.

f. Any cause of loss set forth in exclusion b. 6) above that is not a Covered Cause of Loss in this policy shall be excluded only as respects **Section VIII – Income Protection – Off-Premises Utility Properties Failure**.

4. Equipment Breakdown Coverage Conditions

a. The following conditions are in addition to the conditions in **Section X – Commercial Property Conditions** and Common Policy Conditions:

1) JURISDICTIONAL INSPECTION

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

2) SUSPENSION

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against "loss" from an "accident" or "electronic circuitry impairment" to that "covered equipment". This can be done by delivering or mailing 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 an endorsement for that "covered equipment". If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

3) Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident" or "electronic circuitry impairment", we will pay your additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced. However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This provision does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.

b. As respects this Additional Coverage - Equipment Breakdown Coverage only, Section X - Commercial Property Conditions – 20. Valuation is deleted and replaced with the following:

Valuation

We will determine the value of Covered Property as follows:

- 1) Except as specified otherwise, our payment for damaged Covered Property will be the smallest of:

- a) The cost to repair the damaged property;
 - b) The cost to replace the damaged property on the same site; or
 - c) The amount you actually spend that is necessary to repair or replace the damaged property.
- 2) The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used, or reconditioned parts, equipment, or property.
 - 3) Except as described in Paragraph 4) below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
 - 4) The following property will be valued on an Actual Cash Value basis:
 - a) Any property that does not currently serve a useful or necessary function for you; and
 - b) Any Covered Property that you do not repair or replace within 24 months after the date of the "accident" or "electronic circuitry impairment".
 - 5) If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
 - a) The property was manufactured by you;
 - b) The sales price of the property is less than the replacement cost of the property; or
 - c) You are unable to replace the property before its anticipated sale.
 - 6) Except as specifically provided for under Electronic Data Restoration coverage, "electronic data" and "media" will be valued on the following basis:
 - a) For mass-produced and commercially available software, at the replacement cost.
 - b) For all other "electronic data" and "media", at the cost of blank "media" for reproducing the records. We will not pay for "electronic data" representing financial records based on the face value of such records.

The most we will pay for loss, damage, or expense under this **Additional Coverage – Equipment Breakdown Coverage** arising from any "one equipment breakdown" is the applicable Limit of Insurance shown in the Declarations for Buildings – Coverage 1, Business Personal Property and Personal Property

of Others – Coverage 2, and Additional Income Protection – Coverage 3. Coverage provided under this Additional Coverage – Equipment Breakdown Coverage does not provide an additional amount of insurance.

SECTION V - DEDUCTIBLES

1. Building(s) - Coverage 1, Business Personal Property and Personal Property of Others - Coverage 2 and Extensions of Coverage - We will pay the amount of "loss" to property in any one occurrence which is in excess of the deductible amount shown in the "Declarations", unless otherwise stated in the Extensions of Coverage.
2. Theft - We will pay the amount of "loss" to property caused by theft in any one occurrence which is in excess of the deductible amount applying to Building(s) - Coverage 1 and Business Personal Property and Personal Property of Others - Coverage 2 shown in the "Declarations", unless a separate deductible for theft is shown in the "Declarations".
3. When the occurrence involves "loss" to more than one building (or building and business personal property) and separate limits of insurance apply or blanket limits of insurance apply, the losses will not be combined in determining the application of the deductible. The deductible will be applied only once per occurrence.
4. Additional Income Protection - Coverage 3 and Glass and Lettering - Coverage 4 - No deductible applies.

SECTION VI - SPECIAL LOSS PAYMENTS - COVERAGE 1

Improvements and Betterments Made by Others is subject to special treatment when damaged by a peril insured against:

1. If you pay for repair or replacement, we will pay you the expenses involved not exceeding the replacement cost of damaged property.
2. If repaired or replaced at the expense of others, there is no loss payable to you.
3. If the damaged property is not repaired or replaced by you or at the expense of others, there is no loss payable to you.

SECTION VII - SPECIAL LOSS PAYMENTS - COVERAGE 2

The following property is subject to special treatment when damaged by a peril insured against:

1. Accounting Books, Records, Tapes, and Recording Media. We will pay you the cost of blank items (books, film, tape, or other written documents). Extensions of Coverage - **B.30**. - Valuable Papers and Records provides for reproduction of these items.

2. **Improvements and Betterments:**
 - a. If you pay for repair or replacement, we will pay you the expenses involved not exceeding the replacement cost of damaged property.
 - b. If not repaired or replaced, we will pay you a proportion of your original cost. We will determine the proportionate value as follows:
 - 1) Multiply the original cost by the number of days from the "loss" or damage to the expiration of the lease; and
 - 2) Divide the amount determined in 1) 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. If repaired or replaced at the expense of others, there is no loss payable to you.
3. **Sold Property.** If you have sold property but not delivered it, we will pay you the net selling price.

SECTION VIII - EXTENSIONS OF COVERAGE

A. Extensions of Coverage

We will pay the following "losses" at your option. Payments under these Extensions are not an additional amount of insurance and will not increase the total amount of insurance available for the coverage involved.

1. **Exterior Signs, Lights, and Clocks.** We will pay up to \$5,000 for "loss" caused by a peril insured against to lights, clocks, and unattached exterior signs which you own, or for which the lease holds you contractually responsible. We will cover all lights, clocks, and unattached exterior signs on the premises described in the "Declarations".

We will not pay for "loss" caused by:

- a. Wear and tear, gradual deterioration, faulty manufacture or installation, inherent vice, extremes of temperature, dampness of atmosphere, or mechanical breakdown;
- b. Damage to electrical apparatus which is part of covered property caused by electricity other than lightning, except for ensuing fire damage; or
- c. Breakage during installation, repairing or dismantling, or breakage during transportation, unless caused by fire, lightning, collision, derailment or overturn of vehicle.

This extension of coverage applies to each building described in the "Declarations".

The deductible for this extension is \$100.

2. **Fences, Walks, and Unattached Outbuildings - Coverage 1.** We will pay up to \$5,000 for any one "loss" caused by a peril insured against to fences, walks, and unattached outbuildings on the premises described in the "Declarations".

Unattached outbuildings include garages, storage areas and tool sheds, but do not include those buildings used for dwelling purposes.

If specific insurance is carried on any item covered by this extension, then this extension does not apply to that item.

This extension of coverage applies to each building described in the "Declarations".

3. **Merchandise in Shipment.** Business Personal Property and Personal Property of Others - Coverage 2 includes protection for "loss" by a peril insured against to merchandise which you have sold but for which you have not received payment, while in the custody of a common carrier. This extension of coverage only applies when the "loss" is not recoverable from the purchaser, transporter, or any other insurance.
4. **Moving Clause – Business Personal Property and Personal Property of Others - Coverage 2.** When you move, coverage for "loss" to business personal property and personal property of others will apply for 60 days while in transit and at each location. The amount of insurance applying at each location will be the proportion that the value in each such location bears to the total value of Business Personal Property and Personal Property of Others - Coverage 2 covered at the original location. After the completion of your move, the coverage will apply at the new location only.
5. **Refrigerated Property.** Business Personal Property and Personal Property of Others - Coverage 2 covers "loss" to the contents of refrigeration equipment on the insured premises described in the "Declarations" from power failure. "Loss" caused by or resulting from an "accident" or "electronic circuitry impairment" is not covered.

This extension of coverage applies to each building described in the "Declarations".
6. **Replacement Cost Coverage.** After a covered "loss" to your Building(s) – Coverage 1 or Business Personal Property or Personal Property of Others – Coverage 2, you have the option of choosing a replacement cost settlement instead of an actual cash value settlement, thereby eliminating any deduction for depreciation. When you select replacement cost, the Coinsurance Clause (Condition 3.) shall apply as a percentage of the replacement cost rather than the actual cash value of the property.

When adjustment is on a replacement cost basis, we will pay the smallest of the following:

- a. The amount of insurance applicable to the damaged or destroyed property;
- b. The cost of replacement on the same premises with material of like kind and quality and intended for the same use; or
- c. The amount actually spent in repairing or replacing the property.

We will not pay on a replacement cost basis for any "loss" or damage:

- a. Until the lost or damaged property is actually repaired or replaced; or
- b. Unless the repairs or replacement are made as soon as reasonably possible after the "loss" or damage.

We will not pay for "loss" under this Replacement Cost Coverage extension:

- a. Due to any ordinance or law regulating the construction or repair of buildings;
- b. Unless and until the damaged or destroyed property is repaired or replaced as soon as practicable;
- c. To stock (raw, in process, or finished) or merchandise including materials and supplies in connection therewith;
- d. To household furniture or apartment and dwelling contents;
- e. To manuscripts;
- f. To paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glassware, bric-a-brac, or other articles of art, rarity, or antiquity; or
- g. To obsolete property.

If the cost of repair or replacement is less than \$2,500 for any one "loss" to covered property, we will waive the coinsurance requirement and pay the replacement cost for the "loss" or damaged property. We will not pay for replacement cost for the "loss" or damage to property listed in Paragraphs a. through g. shown above under this Extension of Coverage - Replacement Cost Coverage.

If you choose an actual cash value settlement, you can still select a replacement cost settlement if the property is repaired or replaced within 6 months of loss. If you choose a replacement cost settlement, the coinsurance requirement applies on a replacement cost basis.

- 7. **Temperature Change.** Business Personal Property and Personal Property of Others - Coverage 2 covers "loss" resulting from temperature or humidity change. There must first be damage from a peril insured against to the premises described in the "Decla-

rations". "Loss" resulting from riot and civil commotion is not covered. "Loss" caused by or resulting from an "accident" or "electronic circuitry impairment" is also not covered.

This extension of coverage applies to each building described in the "Declarations".

- 8. **Trees, Shrubs, Lawns, and Plants - Coverages 1 & 2.** We will cover "loss" to trees, shrubs, lawns, and plants (except vegetated roofs) on the premises described in the "Declarations" caused by fire; lightning; explosion; riot or civil commotion; vehicles; "aircraft"; smoke; falling objects; sonic boom; sink-hole collapse; volcanic action; or collapse caused by any of the perils specified in this paragraph.

If trees, shrubs, and plants are inside buildings, on the premises described in the "Declarations" we will also cover "loss" caused by windstorm; hail; weight of snow, ice, or sleet; vandalism or malicious mischief; or temperature change. There must first be damage from a peril insured against to the premises described in the "Declarations".

We will not be liable for more than \$1,000 for any one tree, shrub, or plant, including expenses for removing debris, or \$10,000 for any one "loss", unless trees, shrubs, or plants are held for sale inside buildings, or trees, shrubs, or plants are used for decorative purpose inside the building, in which case the Business Personal Property and Personal Property of Others - Coverage 2 limit applies. We will not be liable for more than \$2,500 for any one "loss" to lawns.

This extension includes expenses for the removal of debris of trees, shrubs, and plants from the premises described in the "Declarations" caused by a peril insured against which are the property of others. If you are a tenant, we will not cover the removal of debris of trees, shrubs, and plants owned by the landlord at the premises described in the "Declarations".

There is no coverage under this policy for trees, shrubs, lawns, and plants grown outside of buildings held for sale.

This extension of coverage applies to each building described in the "Declarations".

- 9. **Water Damage.** If "loss" or damage caused by or resulting from covered water or other liquid, powder, or molten material damage "loss" occurs, we will pay the cost to tear out and replace any part of the building described in the "Declarations" to repair damage to the system or appliance from which the covered water or other liquids, powder, or molten material escapes.

We will not pay for the cost to repair or replace any defect in the system or appliance that caused the "loss" or damage.

This extension of coverage applies to each building described in the "Declarations".

B. Extensions of Coverage

Payments under these Extensions of Coverage are an ADDITIONAL AMOUNT of insurance and will increase the total amount of insurance available for the coverage involved.

1. **Accounts Receivable.** This policy covers damage to records of accounts receivable up to \$25,000 for any one "loss" caused by a peril insured against at the premises described in the "Declarations", while being conveyed outside the premises or while temporarily within other premises for any purpose except storage. It covers:
 - a. All sums due the insured from customers, provided the insured is unable to collect such sums as the direct result of "loss" to records of accounts receivable;
 - b. Interest charges on any loan to offset impaired collections, pending repayments of such sums made uncollectible by such "loss";
 - c. Collection expense in excess of normal collection cost which is made necessary because of such "loss"; and
 - d. Other expenses, when reasonably incurred by the insured in re-establishing records of accounts receivable following such "loss".

Coverage will also apply while the records of accounts receivable are being moved to and while at a place of safety because of imminent danger of "loss", and while being returned from such place.

This extension of coverage applies to each building described in the "Declarations".

The deductible does not apply to this extension.

2. **Arson and Theft Reward.** We will pay up to \$10,000 as a reward to any individual or group for information which results in the arrest and conviction of any person committing an act of arson resulting in damage to covered property or in the arrest and conviction of any person who commits theft of covered property.

The deductible does not apply to this extension.

3. **Building Ordinance or Law Coverage.**

A. Application of Coverage

The building ordinance or law coverage applies to **B. Coverage for the Value of the Undamaged Part of the Building** and **C. Coverage for the Increased Cost of Construction** for any building covered by this policy at the premises described in the "Declarations" or for tenant's improvements and betterments as described under business personal property and personal property of others only if Paragraphs **A.1.** and **A.2.** below are satisfied and an amount of insurance is shown on the "Declarations" for Build-

ings or for tenant's improvements and betterments an amount of insurance is shown in the "Declarations" for Business Personal Property and Personal Property of Others:

- a. The ordinance or law:
 - 1) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the premises described in the "Declarations"; and
 - 2) Is in force at the time of "loss"; or the ordinance or law is promulgated or revised after the loss but prior to commencement of reconstruction or repair and provided that such ordinance or law requires compliance as a condition precedent to obtaining a building permit or certificate of occupancy

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 sustains:

- 1) Direct physical damage caused by a peril insured against under this policy and such damage results in enforcement of or compliance with the ordinance or law; or
- 2) Both direct physical damage that is covered under this policy and direct physical damage that is not caused by a peril insured against under this policy, and the building damage in its entirety results in enforcement of or compliance with the ordinance or law;

but if the building sustains direct physical damage that is not caused by a peril insured against under this policy and such damage is the subject of the ordinance or law, then there is no coverage even if the building has also sustained direct physical damage caused by a peril insured against.

This extension of coverage applies to each building described in the "Declarations".

B. Coverage for the Value of the Undamaged Part of the Building

1. Coverage Agreement

If the building sustains direct damage caused by a peril insured against, we will pay for the value of the undamaged part of the building caused by enforcement of or compliance with any ordinance or law regulating the construction or repair of building(s) that:

- a. Requires the demolition of the undamaged parts of the building;
- b. Regulates the construction or repair of the building, or establishes zoning or land use requirements at the premises described in the "Declarations"; and
- c. Is in force at the time of "loss" or damage.

Coverage for the Value of the Undamaged Part of the Building is not an additional amount of insurance. Payment is included within the amount of insurance for the covered building described in the "Declarations".

2. Loss Payment - Value of the Undamaged Part of the Building

We will pay for the value of the undamaged portion of the building as a result of any ordinance or law regulating the construction, use, or repair of building(s) as follows:

- a. We will pay the smallest of the following if the covered building is not repaired or rebuilt:
 - 1) The actual cash value of the undamaged part of the building;
 - 2) The amount of insurance shown in the "Declarations" for the building described in the "Declarations";
 - 3) If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Amount of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Amount of Insurance that otherwise would apply; or
 - 4) The difference between the amount of insurance on the insured building at the time of "loss" or damage and the amount paid for "loss" to the damaged or destroyed portion of the insured building.
- b. We will pay the smallest of the following if the covered building is being repaired or replaced on the same premises or another premises:
 - 1) The actual cash value for the undamaged part of the building, if the insured building is covered on an actual cash value basis;
 - 2) The replacement cost for the undamaged part of the building if the insured building is covered on a replacement cost basis;
 - 3) The amount of insurance shown in the "Declarations" for the building described in the "Declarations";
 - 4) If this policy is endorsed to cover Earthquake and/or Flood as a Covered

Cause of Loss, the Amount of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Amount of Insurance that otherwise would apply; or

- 5) The difference between the amount of insurance on the insured building at the time of "loss" or damage and the amount paid for "loss" to the damaged or destroyed portion of the insured building.

C. Coverage for Increased Cost of Construction

1. Coverage Agreement

If the building or tenant's improvements and betterments sustain direct physical damage caused by a peril insured against, we will pay up to \$25,000 for the increased cost to:

- a. Repair, replace, or construct the damaged portions of the building or tenant's improvements and betterments; or
- b. Reconstruct or remodel undamaged portions of the building or tenant's improvements and betterments whether or not demolition is required;

caused by enforcement of or compliance with any ordinance or law regulating the construction, use, or repair of buildings. If the building is repaired or replaced, it must be intended for the same use as the current building, unless otherwise required by an ordinance or law. We will not pay for the increased cost of construction if the building is not repaired, replaced, or remodeled.

When a building described in the "Declarations" is damaged or destroyed and increased cost of construction applies to that building in accordance with C.1.a. above, coverage for the increased cost of construction also applies to repairs or reconstruction of the following, subject to the same conditions stated in C.1. a.:

- a. The cost of excavation, grading, backfilling, and filling;
- b. Foundation of the building;
- c. Pilings; and
- d. Underground pipes, flues, and drains.

2. Loss Payment - Increased Cost of Construction

The most we will pay is \$25,000 for the increased cost of construction that results from any building ordinance or law. Payment for the increased cost of construction is an additional amount of insurance.

D. Building Ordinance or Law - No Coverage

We will not pay for "loss" due to any ordinance or law:

1. You were required to comply with before the "loss", even if the building was undamaged; and
2. You failed to comply with the ordinance or law.

We will not pay any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

Also, we will not pay any costs associated with the enforcement of or compliance with an ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread, or any activity of "fungus", wet or dry rot, or bacteria.

We will not pay under this endorsement for any loss in value or any cost incurred due to an ordinance or law that you were required to comply with before the time of the current loss, even in the absence of building damage, if you failed to comply.

4. Check, Credit, Debit, or Charge Card Forgery or Alteration. We will pay up to \$5,000 for any one "loss" resulting directly from:

- a. Forgery or alteration of credit, debit, or charge cards issued to you or to any employee for business purposes; and
- b. Forgery or alteration of any checks, drafts, promissory notes, or similar written promises, orders, or directions to pay a certain sum in money that are:
 - 1) Made or drawn by or drawn upon you;
 - 2) Made or drawn by one acting as your Agent; or that are purported to have been so made or drawn.

We will not pay for "loss" caused by dishonest or criminal acts committed by you, any of your members of a limited liability company, or any of your employees, directors, trustees, or authorized representatives:

- a. Acting alone or in collusion with other persons; or
- b. While performing services for you or otherwise.

We will not pay for any "loss" arising from forgery or alteration of a credit, debit, or charge card if you have

not complied fully with the provisions, conditions, or other terms under which the card was issued.

All "losses" committed by any person, whether acting alone or in collusion with others, are considered one occurrence which is subject to the \$5,000 limit.

If you are sued for refusing to pay any covered instrument on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will also pay for any reasonable legal expense that you incur and pay in that defense. The amount we will pay is in addition to the amount of insurance applicable to this extension. The deductible does not apply to legal expenses.

You must include with your proof of "loss" any instrument involved in that "loss", or, if that is not possible, an affidavit setting forth the amount and cause of "loss".

Electrical and Mechanical Signatures. We will treat signatures that are produced or reproduced electronically, mechanically, or by other means same as handwritten signatures.

"Covered instruments" includes checks, drafts, promissory notes, or similar written promises.

"Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own named signed with or without authority, in any capacity, for any purpose.

"Occurrence" means for this coverage only, all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

This extension applies anywhere in the world.

A \$200 deductible applies to this extension.

5. Contingent Business Interruption. We will pay up to \$25,000 for your contingent income meaning loss of "income" and/or "rental income" you sustain due to partial or total "interruption of business" resulting directly from "loss" or damage to building(s) or business personal property of "dependent properties" from a peril insured against.

However, coverage for contingent income does not apply when the only loss to "dependent properties" 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, this coverage will not continue once the other property is repaired, rebuilt, or replaced.

We will reduce the amount of your "income" and/or "rental income" loss, other than "extra expense", to the extent you can resume normal operations by using an available:

- a. Source of materials; or
- b. Outlet for your products.

"Dependent property" means premises operated by others whom you depend on in any way for continuation of your normal business operations. The "dependent properties" are:

- a. Contributing Locations which mean those premises you depend on as a source of materials or services that you need for your operations. Services do not include water, communication, power supply, or waste water removal services;
- b. Recipient Locations which mean those premises you depend on as a customer for your products or services;
- c. Manufacturing Locations which mean those premises you depend on to manufacture products for your customers under contract or sale; or
- d. Leader Locations which mean those premises you depend on to attract customers to your business.

"Dependent properties" do not include roads, bridges, tunnels, waterways, airfields, pipelines, or any other similar areas or structures.

"Interruption of business" for contingent business interruption means the period of time that your business is suspended and it:

- a. Begins with the date of direct "loss" or damage to the "dependent property" caused by a peril insured against; and
- b. Ends on the date when the "dependent property" should be repaired, rebuilt, or replaced with reasonable speed and similar quality.

"Interruption of business" for contingent business interruption does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

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

The deductible does not apply to this extension.

6. **Counterfeit Money.** We will pay up to \$1,000 per workday for loss from the acceptance in good faith of counterfeit money. "Workday" means a day on which your operations are usually performed.

The deductible for this extension is \$50.

7. **Debris Removal.** We will pay the cost of removal of debris to covered property on the premises described in the "Declarations" caused by a peril insured against. This does not apply to any increase of "loss" resulting from ordinances or laws regulating construction or repair of buildings. We will pay up to 5% of the total limits for Coverages 1 and 2 plus \$25,000 for debris removal expense.

This extension does not cover the costs to:

- a. Remove debris of your property that is not insured under this policy, or property in your care, custody, or control that is not covered property under Building(s) – Coverage 1 or Business Personal Property and Personal Property of Others – Coverage 2;
- b. Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you are contractually responsible to insure such property and it is insured under this policy;
- c. Remove any property that is property not covered under Building(s) – Coverage 1 or Business Personal Property and Personal Property of Others – Coverage 2;
- d. Remove property of others of a type that would not be covered property under Building(s) – Coverage 1 or Business Personal Property and Personal Property of Others – Coverage 2; or
- e. Extract "pollutants" from land or water, or to remove, restore, or replace polluted land or water.

This extension of coverage applies to each building described in the "Declarations".

8. **Demolition Cost.** This policy covers the cost, not to exceed \$25,000, of demolishing and removing any undamaged portion of the building after a covered "loss". The demolition must be required by enforcement of or compliance with any ordinance or law regulating the construction, use of, or repair of buildings.

This extension of coverage applies to each building described in the "Declarations".

The deductible does not apply to this extension.

9. **Employee Dishonesty.** We will pay for loss of "money"; "securities"; written instruments required in conjunction with any credit, debit, or charge card issued to you or any employee for business purposes; or Business Personal Property and Personal Property of Others - Coverage 2 up to \$10,000 per "occurrence" resulting from dishonest acts committed by any of your "employees", whether identified or not, acting alone or in collusion with other persons (except you or your partner(s)) with the intent to:
 - a. Cause you to sustain loss; and
 - 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.

This extension is subject to the following:

- a. For any loss, our payment shall not exceed the replacement cost of business personal property

and personal property of others at the time of loss, except the cost of "securities" may be determined by the market value at the time of settlement;

- b. All loss caused by, or involving, one or more "employees", whether the result of a single act or a series of acts, is considered one occurrence;
- c. We will only pay for loss you sustain through acts committed or events occurring during the policy period and if loss is discovered during the policy period or is discovered within one year from the end of the policy period;
- d. Our payment is not increased regardless of the number of people we protect;
- e. Regardless of the number of years our policy is in force, the amount of insurance shall not be cumulative from year to year;
- f. If you sustained a loss during the policy period shown in the "Declarations" resulting directly from an "occurrence" taking place:
 - 1) Partly during the policy period shown in the "Declarations"; and
 - 2) Partly during the policy period(s) of any prior renewals;

we will first settle the amount of loss that you sustained during this policy period. We will then settle the remaining amount of loss that you sustained during the policy period(s) of the prior renewals.

- g. If you sustained a loss during the period of any prior insurance that you could have recovered under your prior insurance, except that the time to discover the loss had expired, we will pay the loss under this Extension of Coverage, provided:
 - 1) This policy became effective at the time of cancellation or termination of your prior insurance; and
 - 2) The loss would have been covered by this insurance had it been in effect when the act or events causing the loss were committed or occurred.

We will pay up to \$10,000 or the amount of insurance under your prior insurance, whichever is less.

The loss under this part g. is not an additional amount of insurance and will not increase the total amount of insurance for Employee Dishonesty.

We do not cover:

- a. Loss caused by any dishonest or criminal act committed by you, or any of your members of a limited liability company, or any of your part-

ners, whether acting alone or in collusion with other persons.

- b. Loss or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - 1) An inventory computation; or
 - 2) A profit and loss computation.
 - c. Loss that is an indirect result of any act or occurrence covered by this policy including, but not limited to, loss caused by:
 - 1) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to covered property;
 - 2) Payment of damages of any type for which you are legally liable. We will pay compensatory damages arising directly from a loss covered by this policy;
 - 3) Payment of costs, fees, or other expenses you incur in establishing either the existence or the amount of loss under this policy; or
 - 4) Payment of expenses related to any legal action.
 - d. Any "employee" immediately upon discovery by:
 - 1) You; or
 - 2) Any of your partners, officers, directors, or members of a limited liability company not in collusion with the "employee";
of any dishonest act committed by that "employee" before or after being hired by you.
 - e. Loss caused by any "employee" for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.
 - f. Loss resulting directly or indirectly from trading whether in your name or in a genuine or fictitious account.
 - g. Loss resulting from fraudulent or dishonest signing, issuing, cancelling, or failing to cancel, a warehouse receipt or any papers connected with it.
 - h. Loss arising from any credit, debit, or charge card if you have not complied fully with the provisions, conditions, or other terms under which the card was issued.
- "Employee" means for this coverage only:
- a. Any natural person:
 - 1) While in your service (and for 30 days after termination of service);
 - 2) Whom you compensate directly by salary, wages, or commissions; and
 - 3) Whom you have the right to direct and control while performing services for you.

- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care, custody, and control of property outside the premises described in the "Declarations".
- 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.
- d. Any natural person who is a former "employee", director, partner, member of a limited liability company, representative, or trustee retained as a consultant while performing services for you.
- e. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care, custody, or control of covered property outside the premises described in the "Declarations".
- f. Any natural person who is a Property Manager of properties owned by you.
- g. Any natural person who is acquired as an "employee" through consolidation or merger.

"Employee" does not mean any:

- a. Agent, broker, factor, commission merchant, consignee, independent contractor, or representative of the same general character; or
- b. Manager of a limited liability company, director, or trustee except while performing acts coming within the scope of the usual duties of an "employee".

"Occurrence" means for this coverage only:

- a. An individual act;
- b. The combined total of all separate acts whether or not related; or
- c. A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the policy period shown in the "Declarations", except as provided under Paragraphs f. and g. of This extension subject to the following under **Employee Dishonesty – Section VIII Extensions of Coverage**.

The deductible for this extension is \$200.

- 10. **Expenses for Loss Adjustment.** We will pay up to \$5,000 for expenses involved in the preparation of loss data, inventories, and appraisals. This does not include expenses incurred in using a public adjuster.

This extension of coverage applies to each building described in the "Declarations".

The deductible does not apply to this extension.

- 11. **Expenses for Security.** We will pay up to \$2,500 for expenses incurred for security after a covered "loss" to protect the covered property from further damage.

This extension of coverage applies to each building described in the "Declarations".

The deductible does not apply to this extension.

- 12. **Fine Arts.** We will pay up to \$25,000 for a "loss" caused by a peril insured against to your fine arts on the premises described in the "Declarations". Fine arts mean property that is rare or has historical value, such as paintings, etchings, drawings, rare books, tapestries, or stained glass.

We will not cover fine arts that are on display at fairgrounds or at a national or international exposition.

We do not cover "loss" caused by a process to repair, retouch, restore, adjust, service, or maintain your fine arts. If a fire or explosion results, we do cover the "loss" caused by the fire or explosion.

This extension of coverage applies to each building described in the "Declarations".

- 13. **Fire Department Service Charges.** We will pay reasonable charges made by a fire department for services rendered as a result of an insured "loss".

This extension of coverage applies to each building described in the "Declarations".

The deductible does not apply to this extension.

- 14. **Fire Extinguisher Recharge.** We will pay expenses incurred to recharge portable fire extinguishers after they are used to fight a fire.

This extension of coverage applies to each building described in the "Declarations".

The deductible does not apply to this extension.

- 15. **Income Protection Coverage**

- **Income Protection Coverage**

This extension provides for loss of "income" and/or "rental income" you sustain due to partial or total "interruption of business" resulting directly from "loss" or damage to property on the premises described in the "Declarations" from a peril insured against. "Loss" or damage also includes property in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof.

If you are a tenant, your premises are the portion of the building described in the "Declarations" which:

- a. You rent, lease, or occupy;
- b. All routes within the building that service or are used to gain access to the described premises; and

- c. The area within 1,500 feet of the premises described in the "Declarations" (with respect to "loss" or damage to covered property in the open or in a vehicle).

You are required to resume normal business operations as promptly as possible and shall use all available means to eliminate any unnecessary delay.

This extension of coverage applies to each building described in the "Declarations".

- **Extra Expense**

"Extra expense" coverage is provided at the premises described in the "Declarations".

"Extra expense" means necessary expenses you incur due to partial or total "interruption of business" resulting directly from "loss" to property described in the "Declarations" from a peril insured against. "Loss" or damage to property also includes property in the open, or in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof.

We will pay actual and necessary "extra expenses" (other than the expenses to repair or replace property) sustained by you to:

- a. Avoid or minimize the "interruption of business" and to continue your business operations:
 - 1) At the premises described in the "Declarations"; or
 - 2) At replacement premises or at temporary locations, including:
 - a) Relocation expenses; and
 - b) Costs to equip and operate the replacement premises or temporary locations.
- b. Minimize the "interruption of business" if you cannot continue your business operations to the extent it reduces the amount of loss that would have been payable under loss of "income" and/or "rental income".

We will not pay any "loss" or damage to your buildings or business personal property and personal property of others. We also will not pay the cost of research or any other expense to replace or restore your valuable papers and records or "electronic data". We will pay the extra cost to repair or replace your covered property and the amount to research, replace, or restore the lost information on damaged valuable papers and records or "electronic data" to the extent it reduces the amount of loss that would have been payable under loss of "income" and/or "rental income".

- **Additional Coverages**

- a. **Civil Authority**

When a peril insured against causes damage to property other than property at the premises described in the "Declarations", we will pay for the actual loss of "income" and/or "rental income" you sustain and necessary "extra expense" caused by action of civil authority that prohibits access to the premises described in the "Declarations" provided that both of the following apply:

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

Civil Authority coverage for "income" and/or "rental income" will begin 72 hours after the time of the first action of civil authority that prohibits access to the premises described in the "Declarations" and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority coverage for "extra expense" will begin immediately after the time of the first action of civil authority that prohibits access to the premises described in the "Declarations" and will end:

- 1) Four consecutive weeks after the date of that action; or
- 2) When your Civil Authority coverage for "income" and/or "rental income" ends;
whichever is later.

- b. **Full Resumption of Operations**

We will also pay your actual loss of "income" and/or "rental income" for an additional 60 days if your "income" and/or "rental income" after operations are resumed is less than your "income" and/or "rental income" before the loss. The additional amount we will pay will start after the later of the following times:

- 1) The date on which the liability for Income Protection Coverage would terminate if this clause had not been included; or
- 2) The date on which repair, replacement, or rebuilding of such part of the damaged or destroyed property described in the "Declarations" is actually completed.

- **Amount of Insurance**

If the "loss" to property on the premises described in the "Declarations" results in partial or total suspension of your business, we will pay your actual loss sustained up to \$250 for each workday not to exceed \$25,000 for any one loss.

Payment of loss of "income" and/or "rental income" is not limited by the end of the policy period.

Payments under the following coverages are also subject to the amounts of insurance of \$250 for each workday up to \$25,000 for any one loss and the following coverages will not increase these amounts of insurance under this Extension of Coverage - Income Protection:

- a. Extra Expense Coverage;
- b. Civil Authority; or
- a. Full Resumption of Operations.

- **Exclusions**

We will not cover any loss under this Extension of Coverage caused by the exclusions shown under **Section III - Exclusions**.

- **Deductible**

The deductible does not apply to this extension.

16. **Income Protection - Off-Premises Utility Properties Failure.** We will pay up to \$25,000 for your loss of "income", "rental income", and "extra expense" you sustain due to partial or total "interruption of business" resulting from the interruption of service to the premises described in the "Declarations".

The "interruption of business" must result directly from "loss" to the following property, not on the premises described in the "Declarations" from a peril insured against:

- a. Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave, or television services, to the premises described in the "Declarations", such as:
 1. Communication transmission lines (including fiber optic transmission lines);
 2. Coaxial cables; and
 3. Microwave radio relay except satellites.

- b. Power Supply Property, meaning the following types of property supplying electricity, steam, or gas to the premises described in the "Declarations":

1. Utility generating plants;
2. Switching stations;
3. Substations;
4. Transformers; and
5. Transmission lines.

- c. Water Supply Property, meaning the following types of property supplying water to the premises described in the "Declarations":

1. Pumping stations; and
2. Water mains.

- d. Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the premises described in the "Declarations", other than a system designed primarily for draining storm water. The wastewater removal property includes sewer mains, pumping stations, and similar equipment for moving the effluent to a holding treatment or disposal facility, and includes such facilities.

Coverage under this policy does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

We will only pay for loss of "income", "rental income", and "extra expense" sustained by you after the first 24 hours following "loss" to off-premises communication supply property, power supply property, water supply property, or waste water removal property.

Transmission lines include all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

This extension of coverage applies to each building described in the "Declarations".

The deductible does not apply to this extension.

17. **Key Replacement.** If keys to your building(s) are stolen during a theft loss, we will pay, at your request, up to \$5,000 to replace the keys and locks to the doors of your premises.

This extension of coverage applies to each building described in the "Declarations".

18. **Leasehold Interest.** We will pay for leasehold interest you sustain due to the cancellation of your lease resulting directly from "loss" or damage to buildings or business personal property at the premises described in the "Declarations" from a peril insured against.

We will not pay any "loss" you sustain caused by your cancelling the lease.

This extension of coverage applies to each building described in the "Declarations".

Leasehold interest means the following:

- a. Tenant's Lease Interest, meaning the difference between the:
 - 1) Rent you pay at the premises described in the "Declarations"; and
 - 2) Rental value of the premises described in the "Declarations".
- a. Bonus payments, meaning the unamortized portion of the cash bonus that will not be refunded to you. A cash bonus is money you paid to acquire your lease. It does not include:
 - 1) Rent, whether or not prepaid; or
 - 2) Security.
- b. Improvements and Betterments, meaning the unamortized portion of payments made by you for improvements and betterments. It does not include the value of improvements and betterments recoverable under any other insurance, but only to the extent of such other insurance is valid.

Improvements and betterments are fixtures, alterations, installations, or additions:

 - 1) Made a part of the building or structure you occupy but do not own; and
 - 2) You acquire or made at your expense but cannot legally remove.
- c. Prepaid Rent, meaning the unamortized portion of any amount of advance rent you paid that will not be refunded to you. This does not include the customary rent due at:
 1. The beginning of each month; or
 - 2) Any other rental period.

Amount of Insurance

We will pay your "net leasehold interest" at the time of loss up to \$15,000 for loss you sustain because of the cancellation of any one lease. This applies to:

- a. Tenant's Lease Interest
 - 1) But, if your lease is cancelled and your landlord lets you continue to use your premises under a new lease or other arrangement, the most we will pay for loss because of the cancellation of any one lease is the lesser of:
 - a) The difference between the rent you now pay and the rent you will pay under the new lease or other arrangement; or
 - b) Your "net leasehold interest" at the time of loss.

- 2) Your "net leasehold interest" decreases automatically each month. The amount of "net leasehold interest" at any time is your "gross leasehold interest" times the leasehold interest factor for the remaining months of your lease. A proportionate share applies for any one period of time less than a month.
- b. Bonus Payments, Improvements and Betterments, and Prepaid Rent
 - 1) If your lease is cancelled and your landlord lets you continue to use your premises under a new lease or other arrangement, the most we will pay for loss because of the cancellation of any one lease is the lesser of:
 - a) The loss sustained by you; or
 - b) Your "net leasehold interest" at the time of loss.
 - 2) Your "net leasehold interest" decreases automatically each month. The amount of each decrease is your "monthly leasehold interest". A proportionate share applies for any period of time less than a month.

Definitions

"Gross leasehold interest" means the difference between the:

- a. Monthly rental value of the premises you lease; and
- b. Actual monthly rent you pay including taxes, insurance, janitorial, or other services that you pay for as part of the rent.

This amount is not changed:

- a. Whether you occupy all or part of the premises; or
- b. If you sublet the premises.

"Monthly leasehold interest" means the monthly portion of covered Bonus Payments, Improvements and Betterments, and Prepaid Rent. To find your "monthly leasehold interest", divide your original costs of Bonus Payments, Improvements and Betterments, and Prepaid Rent by the number of months left in your lease at the time of the expenditure.

"Net Leasehold Interest":

- a. Applicable to Tenant's Lease Interest

"Net leasehold interest" means the present value of your "gross leasehold interest" for each remaining month of the term of the lease at the rate of interest.

The "net leasehold interest" is the amount that, equivalent to your receiving the "gross leasehold interest" for each separate month of the unexpired term of the lease.

- b. Applicable to Bonus Payments, Improvements and Betterments, or Prepaid Rent.

"Net leasehold interest" means your "monthly leasehold interest" times the number of months left in your lease.

19. **Money and Securities.** We will pay up to \$10,000 for any one "loss" caused by a peril insured against to "money" or "securities" while in or on the premises described in the "Declarations" or within a bank or savings institution.

We will pay for "money" and "securities" while being conveyed by the insured or by an authorized employee, up to \$10,000 for any one "loss" caused by a peril insured against.

We will pay up to \$10,000 for "loss" if the "loss" occurs inside the home of the insured or an authorized employee.

This does not include loss caused by unexplained or mysterious disappearance or abstraction.

The deductible for this extension is \$200.

20. **Money and Securities Destruction.** We will pay for "money" and "securities" destruction up to \$10,000 for any one "loss" caused by a peril insured against. "Money" and "securities" destruction means "loss" by destruction of "money" and "securities" within the premises described in the "Declarations".

This does not include loss caused by unexplained or mysterious disappearance or abstraction.

This extension of coverage applies to each building described in the "Declarations".

21. **Newly Acquired or Constructed Property**

- a. If this policy covers building(s), you may extend that insurance to apply to 50% of the limit for Buildings(s) - Coverage 1 or \$500,000, whichever is less, on:

- 1) Newly acquired buildings at other than the location(s) described in the "Declarations";
- 2) New additions, new buildings, and new structures when constructed on the insured premises, including materials, equipment, and supplies on or within 1,500 feet of the insured premises;

provided there is no other insurance applicable.

- b. If this policy covers your business personal property and personal property of others, you may extend that insurance to apply to 25% of the limit for Business Personal Property and Personal Property of Others - Coverage 2 or \$250,000, whichever is less, on newly acquired business personal property and personal property of others in a newly acquired or leased building other than the location(s) described in the "Declarations";

provided there is no other insurance applicable.

- c. In addition to the amount of insurance provided in Extensions of Coverage **B.15.** - Income Protection Coverage, if this policy covers Income Protection, you may extend that insurance to apply up to 25% of the limit for Additional Income Protection - Coverage 3 or \$250,000, whichever is less, for loss of "income" and/or "rental income" on:

- 1) Newly acquired buildings or business personal property and personal property of others in a newly leased building at other than the location(s) described in the "Declarations"; or
- 2) New additions, new buildings, and new structures when constructed on the described premises, including materials, equipment, and supplies on or within 1,500 feet of the described premises, if "loss" to the new additions, new buildings, and new structures delays the start of your business. The "interruption of business" will start on the day your business would have started if the "loss" had not occurred;

provided there is no other insurance applicable.

This extension shall apply for 90 days after the acquisition or start of construction, provided the policy remains in force or is renewed.

You shall report values involved and pay any additional premium.

This extension does not apply to property while in transit.

22. **Non-Owned Detached Trailers.** Business Personal Property and Personal Property of Others - Coverage 2 is extended to cover detached trailers that you do not own, provided that:

- a. The trailer is used in your business;
- b. The trailer is in your care, custody, or control at the insured premises described in the "Declarations"; and
- c. You have a contractual responsibility to pay for "loss" or damage to the trailer.

We will not pay for any "loss" or damage that occurs:

- a. While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion; or
- b. During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

We will pay up to \$5,000 for any one "loss" caused by a peril insured against to non-owned detached trailers.

This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

This extension of coverage applies to each building described in the "Declarations".

23. **Personal Articles.** Business Personal Property and Personal Property of Others - Coverage 2 is extended to cover household and personal articles of the insured, the insured's partners, members or managers of a limited liability company, the insured's officers, or the insured's employees for loss caused by a peril insured against. We will pay up to \$10,000 for any one "loss" at the premises described in the "Declarations".

This extension of coverage applies to each building described in the "Declarations".

24. **Pollutants Clean Up and Removal.** We will cover the cost to extract "pollutants" from land or water on the premises described in the "Declarations" if the release, discharge, or dispersal of "pollutants" is caused by a peril insured against during the policy period. We will pay up to \$25,000 for all "losses" throughout the year. The "loss" must be reported to us within 180 days after the "loss" or the end of the policy period, whichever is the later date.

25. **Private Structures and Rental Value - Dwellings.** You may apply an amount of insurance equal to 10% of the coverage on any insured dwelling to each of the following:

- a. Private structures pertaining to the dwelling; and
- b. Rental value of the dwelling or its private structures. The amount available in any one month cannot exceed 25% of this additional amount of insurance. Damaged property must be repaired as soon as practicable.

Dwelling means a residence for not more than four families. It may contain not more than five roomers or boarders in addition to the four families and it may also contain an incidental commercial occupancy. It may not be used only for commercial or farming purposes.

Incidental commercial occupancy means:

- a. Offices used for business or professional purposes;
- b. Private schools or studios used for music, dance, photography, and other instructional purposes; or
- c. Small service occupancies used for service rather than for sales. Examples are barber or beauty shops, tailors or dressmakers, telephone exchanges, and shoe repair shops using hand work only.

This extension of coverage applies to each building described in the "Declarations".

26. **Property in Danger.** This policy covers up to 45 days for any "loss" to covered property removed from the premises described in the "Declarations" or at a temporary location because of danger of damage by a peril insured against or to repair damage to the covered property.

This extension of coverage applies to each building described in the "Declarations".

27. **Temporarily Off-Premises - Business Personal Property and Personal Property of Others - Coverage 2.** This extension includes coverage for business personal property and personal property of others up to \$25,000 and coverage for salesman's samples up to \$2,500 for "loss" caused by a peril insured against except while in transit and other than an "accident" or "electronic circuitry impairment" to "covered equipment" as provided in Section IV - Additional Coverages - D. Equipment Breakdown Coverage. This extension applies only to business personal property and personal property of others at a location you do not own, lease, or operate and for not more than 60 days.

We will cover business personal property and personal property of others and salesman's samples at exhibitions or trade shows for not more than 60 days.

This extension shall not apply to property rented to others and property sold on installment or deferred payment plans after delivery to customers.

28. **Transportation - Airborne Property.** We will pay up to \$25,000 for "loss" to Business Personal Property and Personal Property of Others - Coverage 2 in or on an "aircraft" owned, leased, or operated by or for you or in or on an "aircraft" of a common or contract carrier. The "loss" must be caused by fire; lightning; flood; earthquake; landslide; windstorm; theft; robbery; or crashing of the "aircraft".

This extension applies anywhere in the world.

29. **Transportation.** We will pay up to \$25,000 for "loss" to Business Personal Property and Personal Property of Others - Coverage 2 in or on a vehicle owned, leased, or operated by or for you; in or on a vehicle of a common or contract carrier; or on a dock, pier, bulkhead, platform, or station while in the custody of a common or contract carrier. The "loss" must be caused by fire; lightning; flood; earthquake; landslide; windstorm; collapse of bridge, dock, or culvert; theft; "robbery"; or collision (excluding roadbed collision), upset, or overturn of transporting vehicle.

This extension includes \$1,000 of coverage for tools and equipment.

This extension applies away from the premises described in the "Declarations" but only while in the United States of America, its territories or possessions, Puerto Rico, or Canada.

30. **Valuable Papers and Records.** Business Personal Property and Personal Property of Others - Coverage 2 is extended to cover the "extra expense" incurred in the reproduction of your valuable papers and records and your interest in the valuable papers of others when destroyed by a peril insured against at the premises described in the "Declarations", while being conveyed outside the premises, or temporarily within other premises for any purpose except storage.

Coverage will also apply while your valuable papers and records and your interest in the valuable papers of others are being moved to and while at a place of safety because of imminent danger of "loss" and while being returned from such place.

"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 or substantially identical type.

Valuable papers and records means inscribed, printed, or written:

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

including abstracts, books, deeds, drawings, films, maps, or mortgages. But valuable papers and records does not mean "money" or "securities".

This extension is limited to \$25,000 for any one "loss".

This extension of coverage applies to each building described in the "Declarations".

The deductible does not apply to this extension.

31. **Heating and Air Conditioning Equipment.** Business Personal Property and Personal Property of Others - Coverage 2 is extended to cover heating or air conditioning equipment which is in your care, custody, or control and for which you are contractually responsible. The heating and air conditioning equipment must be permanently attached to the building on the premises described in the "Declarations".

We will pay up to \$20,000 for any one "loss" caused by a peril insured against to heating and air conditioning equipment.

This extension of coverage applies to each building described in the "Declarations".

32. **Laptop Computers Off-Premises.** We will pay up to \$10,000 for laptops, notebooks, and other handheld computers for "loss" caused by a peril insured against, other than an "accident" or "electronic circuitry impairment" to "covered equipment" as provided in **Section IV - Additional Coverages - D. Equipment Breakdown Coverage** while in transit,

temporarily at your home, or at a premise you do not own, lease, or occupy. We will only cover laptops, notebooks, and handheld computers while in the United States of America, its territories or possessions, Puerto Rico, or Canada.

SECTION IX - WHEN AND WHERE THIS POLICY APPLIES

When

This policy applies to losses that occur during the policy period. Unless otherwise specified in the "Declarations", "Renewal Certificate", "Amended Declarations", "Revised Declarations", or endorsement, the policy period begins and ends 12:01 AM Standard Time at the stated address of the Named Insured. An "Amended Declarations" or endorsement tells you that the policy has been changed. A "Renewal Certificate" tells you that the policy is being renewed for another policy period.

Where

This policy applies to "loss" of property in the United States, its territories and possessions, Puerto Rico, and Canada.

SECTION X - COMMERCIAL PROPERTY CONDITIONS

1. ABANDONMENT OF PROPERTY

We will not accept abandoned property.

2. APPRAISAL

If you and we fail to agree on the amount of "loss", either party may make written demand for an appraisal. Each party will select an appraiser and notify the other of the appraiser's identity within 20 days after the demand is received. The appraisers will select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days after both appraisers have been identified, you or we can ask a judge of a court of record in the state where your principal office is located to select an umpire.

The appraisers shall then set the amount of "loss". If the appraisers submit a written report of an agreement to us, the amount agreed upon shall be the amount of "loss". If they cannot agree, they will submit their differences to the umpire. A written award by two will determine the amount of "loss".

Each party will pay the appraiser it chooses, and equally bear expenses of the appraisal. However, if the written demand for appraisal is made by us, we will pay for the reasonable cost of your appraiser and your share of the cost of the umpire.

We will not be held to have waived any rights by any act relating to appraisal.

3. COINSURANCE CLAUSE - COVERAGES 1 & 2

The coinsurance clause applies to each insured item for which a specific amount is shown in the "Declarations". (See percentage shown in the "Declarations").

We will pay that proportion of any "loss" that the amount of insurance bears to the amount produced by multiplying the coinsurance percentage by the actual cash value (ACV) of such property at the time of "loss". We will pay the amount of insurance or the amount determined by coinsurance, whichever is less.

$$\text{Our Payment} = \frac{\text{amount of insurance}}{\text{amount required}} \times \text{loss}$$

"Amount required" means the coinsurance percentage multiplied by the actual cash value.

If "loss" or damage to your covered property is on a replacement cost basis, "amount required" means the coinsurance percentage multiplied by the replacement cost.

When applying the coinsurance clause, the cost of excavations and earthmoving, the value of parts of structures underground and the Extensions of Coverage are not to be considered.

4. DIVISIBLE CONTRACT

The breach of a policy condition in one building or location will have no effect on the coverage on another where no breach exists.

5. LIMITATION - ELECTRONIC MEDIA AND RECORDS

We will not pay for any loss of "income" and/or "rental income" caused by direct physical damage to electronic media and records after the longer of:

- a. Sixty (60) consecutive days after the date of physical "loss" or damage; or
- b. The period beginning with the date of direct physical "loss" or damage to repair, rebuild, or replace, with reasonable speed and similar quality, other property at the insured premises due to "loss" caused by the same occurrence.

Electronic media and records mean:

- a. Electronic data processing, recording, or storage media such as films, tapes, discs, drums, or cells;
- b. Data stored on such media; or
- c. Programming records used for electronic data processing or electronically controlled equipment.

This limitation does not apply to "extra expense".

6. LOSS PAYMENT

We will adjust all "losses" with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. We will not pay you more than your financial interest in the covered property.

"Loss" will be payable 30 days after we receive your proof of "loss" if you have complied with all the terms of this coverage part and one of the following has been done:

- a. We have reached an agreement with you;

- b. There is an entry of final judgment; or
- c. There is a filing of an appraisal award on your behalf.

We have the option to:

- a. Pay the value of that part of the damaged property;
- b. Pay the cost to repair or replace that part of the damaged property, but this does not include the increased cost of construction due to enforcement of or compliance with any ordinance or law regulating the construction or repair of the damaged building;
- c. Take all or part of the damaged property at an agreed or appraised value; or
- d. Repair or replace that part of the damaged property with material of like kind and quality, but this does not include the increased cost of construction due to any ordinance or law regulating the construction or repair of the damaged building.

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

We will not pay more than the amount of insurance shown in the "Declarations" applicable to the damaged or destroyed property.

Pennsylvania Only:

We must give the insured notice of our intent to repair or replace within 15 working days after we receive your sworn proof of loss.

7. MORTGAGEE

"Loss" shall be payable to mortgagees named in the "Declarations", to the extent of their interest and in the order of precedence.

Our Duties

We will:

- a. Protect the mortgagee's interest in an insured building. This protection will not be invalidated by any act or neglect of the insured, any breach of warranty, increase in hazard, change of ownership, or foreclosure if the mortgagee has no knowledge of these conditions.
- b. Give the mortgagee 30 days notice before cancellation or refusal to renew this policy.

Mortgagee's Duties

The mortgagee will:

- a. Furnish proof of "loss" within 60 days if you fail to do so;
- b. Pay upon demand any premium due if you fail to do so;

- c. Notify us of any change in ownership or occupancy, or any increase in hazard of which the mortgagee has knowledge;
- d. Give us his or her right of recovery against any party liable for "loss". This shall not impair the right of the mortgagee to recover the full amount of the mortgage debt; and
- e. After a "loss", permit us to satisfy the mortgage requirements, and receive full transfer of the mortgage and all "securities" held as collateral to the mortgage debt.

Policy conditions relating to **APPRAISAL, LOSS PAYMENT** and **SUITS AGAINST US** apply to the mortgagee.

This mortgagee interest provision shall apply to any trustee or loss payee named in the "Declarations".

8. NO BENEFIT TO BAILEE

No bailee shall benefit, directly or indirectly, from this insurance.

9. OTHER INSURANCE

You may have other insurance subject to the same plan, terms, conditions, and provisions as insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limits of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covered on the same basis.

If there is other insurance covering the same loss or damage, other than that described in the paragraph above, we will pay only for the amount of covered loss or damage in excess of the amount due from the other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limits of Insurance.

10. PROPERTY OF OTHERS

If we are called upon to pay a "loss" for property of others, we reserve the right to adjust the "loss" with the owner. If we pay the owner, such payments will satisfy your claims against us for the owner's property.

In case of disagreement with the property owner, we will conduct the defense on your behalf at our expense.

11. PROTECTIVE SAFEGUARDS

You must maintain, as far as is within your control, any protective safeguards shown in the "Declarations". Failure to do so will suspend the coverage of this policy at the affected location. Coverage will not be suspended if you notify us immediately when the system is not in operation because of repairs or maintenance, and you comply with our requests and directions at that time.

12. RECORDS

You must keep proper records so that we can accurately determine the amount of "loss".

13. RECOVERIES

If either you or we recover any property after settlement, that party must notify the other. Expenses of recovery will be deducted from the value of the property. The balance of the proceeds will be divided according to your and our interests.

At your option, the recovered property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay the expenses of the recovery and the expenses to repair the recovered property, up to the Limits of Insurance.

14. RESUMPTION OF YOUR BUSINESS

We will reduce the amount of your:

- a. Income protection loss, other than "extra expense", to the extent that you can resume your business, in whole or in part, by using damaged or undamaged property (including business personal property) at the premises described in the "Declarations" or elsewhere.
- b. "Extra expense" loss to the extent you can return your business to normal and discontinue such "extra expense".

15. SUITS AGAINST US

We may not be sued unless there is full compliance with all the terms of this policy. Suit must be brought within 2 years (Maryland and North Carolina - 3 years) after the "loss" occurs. (IL – The period of time for filing suit must be extended by the number of days between the date the proof of loss was filed and the date the claim was denied in whole or in part).

16. VACANCY AND UNOCCUPANCY

Property may be unoccupied without limit of time. If the building at which the "loss" occurs is vacant for more than 60 consecutive days before the "loss", then we will:

- a. Not pay for any "loss" caused by:
 - 1) Vandalism or malicious mischief, water damage, glass breakage, or theft; or
 - 2) Sprinkler leakage unless you have exercised reasonable care to protect the system against freezing;
- b. Pay for other covered "losses", but we will reduce the amount of payment by 15%.

For a tenant operated business, the 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.

For the owner of the building, the building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- a. Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

- b. Used by the building owner to conduct customary operations.

Buildings under construction are not considered vacant or unoccupied.

17. VALUATION

We will determine the value of covered property in the event of "loss" as follows:

- a. At actual cash value at the time of the "loss", except as provided elsewhere in this policy;
- b. Stock you have sold but not delivered will be valued at the selling price less any discounts and expenses you otherwise would have had.

18. YOUR DUTIES AFTER A LOSS

In case of a covered "loss", you must perform the following duties:

- a. Give us or our Agent immediate notice. If a crime "loss", also notify the police (except Virginia);
- b. Protect the property from further damage. If necessary for property protection, make reasonable repairs and keep a record of all repair costs;
- c. Furnish a complete inventory of damaged property stating its original cost. At our request, furnish a complete inventory of undamaged property stating its original cost. If a "loss" is both less than \$10,000 and less than 5% of the amount of insurance, no special inventory and appraisal of the undamaged property shall be required;
- d. Produce for examination, with permission to copy, all books of accounts, bills, invoices, receipts, and other vouchers as we may reasonably require;
- e. Show us or our representative the damaged property, as often as may be reasonably required;
- f. Cooperate with us in our investigation of a "loss" and any suits;
- g. Separately submit to examinations under oath and sign a transcript of the same;
- h. Send us, within 90 days after the "loss", your signed and sworn proof of loss statement which includes:
 - 1) Time and cause of "loss";
 - 2) Your interest in the property and the interest of all others involved;
 - 3) Any encumbrances on the property;
 - 4) Other policies which may cover the "loss";
 - 5) Any changes in title, use, occupancy, or possession of the property which occurred during the policy term;
 - 6) When required by us any plans, specifications, and estimates for the repair of the damaged building; and

- 7) The inventory of damaged property as prepared in c. above;

- i. In addition to the other conditions under Additional Income Protection - Coverage 3, make necessary replacements or repairs and use all available means to eliminate any unnecessary delay in order to resume operations as soon as possible;
- j. Agree to help us enforce any right of recovery against any party liable for "loss" under this policy. This will not apply if you have waived recovery rights in writing prior to a "loss".

SECTION XI - DEFINITIONS

- "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:
 - 1. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - 2. Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances, or wires;
 - 3. Explosion of steam boilers, steam pipes, steam engines, or steam turbines owned or leased by you or operated under your control;
 - 4. "Loss" or damage to steam boilers, steam pipes, steam engines, or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - 5. "Loss" or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
- None of the following is an "accident"
- 1. Defect, programming error, programming limitation, computer virus, malicious code, loss of "electronic data", loss of access, loss of use, loss of functionality or other condition within or involving "electronic data" or "media" of any kind; or
 - 2. Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an "accident" results, we will pay for the resulting "loss", damage or expense caused by that "accident"

- "Aircraft" means any machine or device capable of atmospheric flight except model airplanes.
- "Automobile" means a land motor vehicle, trailer, or semi-trailer designed for travel on public roads (including any attached machinery or equipment), but does not include "mobile equipment".
- "Burglary" means the taking of Business Personal Property and Personal Property of Others - Coverage 2 from inside the premises by a person unlawfully entering or exiting the premises as evidenced by visible marks of forcible entry or exit. It includes "loss" to

the building and its equipment resulting from "burglary" or attempted "burglary".

- "Buried vessels or piping" means any piping or vessel buried or encased in the earth, concrete, or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.
- "Cloud computing services" means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds, and hybrid clouds. "Cloud computing services" include private clouds if such services are owned and operated by a third party.
- "Covered equipment" means Covered Property:
 1. That generates, transmits, or utilizes energy; or
 2. Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

"Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.

None of the following is "covered equipment":

1. Insulating or refractory material;
 2. "Buried vessels or piping", sewer piping, or piping forming a part of a sprinkler or fire suppression system;
 3. Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
 4. Structure, foundation, cabinet, or compartment;
 5. Dragline, excavation, or construction equipment;
 6. "Vehicle" or any equipment mounted on a "vehicle" as respects **Section IV – Additional Coverage – D. Equipment Breakdown Coverage** means any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to: car, truck, bus, trailer, train, "aircraft", watercraft, forklift, bulldozer, tractor, or harvester.

However, any property that is stationary, permanently installed at a covered location, and that receives electrical power from an external power source will not be considered a "vehicle";
 7. Satellite, spacecraft, or any equipment mounted on a satellite or spacecraft; or
 8. Equipment manufactured by you for sale.
- "Declarations", "Amended Declarations", "Revised Declarations", and "Renewal Certificate" mean the form which shows your coverages, limits of protec-

tion, premium charges, and other information. This form is part of your policy.

- "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips, and disk drives.
- "Electronic circuitry impairment" means a fortuitous event involving "electronic circuitry" within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in 1., 2., and 3. below.
 1. We shall determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment".
 2. The "covered equipment" must be owned or leased by you, or operated under your control.
 3. None of the following is an "electronic circuitry impairment":
 - a. Any condition that can be reasonably remedied by:
 - 1) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries, or cleaning;
 - 2) Rebooting, reloading, or updating software or firmware; or
 - 3) Providing necessary power or supply.
 - b. Any condition caused by or related to:
 - 1) Incompatibility of the "covered equipment" with any software or equipment installed, introduced, or networked within the prior 30 days; or
 - 2) Insufficient size, capability, or capacity of the "covered equipment".
 - c. Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
- "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, DVD's, tapes, drives, cells, data processing devices, or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve, or send data. This paragraph does not apply to your stock of prepackaged software.

- "Extra expense" means the necessary expenses incurred by you during the "interruption of business" that would not have been incurred if there had been no direct "loss" to covered property caused by a peril insured against.
- "Fungus" means any type or form of "fungus", including mold or mildew and any mycotoxins, spores, scents, or by-products produced or released by "fungi".
- "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- "Income" means the sum of net income (net profit or loss before income taxes) that would have been earned or incurred and necessary continuing operating expenses incurred by the business such as payroll expenses, taxes, interests, and rents. For manufacturing risks, "income" includes the net sales value of production.
- "Interruption of business" means the period of time that your business is partially or totally suspended and it:
 1. Begins with the date of direct "loss" to covered property caused by a peril insured against; and
 2. Ends on the date when the covered property should be repaired, rebuilt, or replaced with reasonable speed and similar quality.
- "Loss" means direct and accidental loss of or damage to covered property.
- "Media" means material on which "data" is recorded such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes, or floppy disks.
- "Mobile equipment" means any of the following types of land vehicles (including any attached machinery or equipment):
 1. Bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
 2. Vehicles maintained for use solely on or next to premises you own or rent;
 3. Vehicles that travel on crawler treads;
 4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers, or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers, or rollers;
 5. Vehicles not described in 1., 2., 3., or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers;
- 6. Vehicles not described in 1., 2., 3., or 4. 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 are considered "automobiles".
 - a. Equipment designed primarily for:
 - 1) Snow removal;
 - 2) Road maintenance, but not construction or resurfacing;
 - 3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on an "automobile" or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.
- "Money" means:
 1. Currency, coins, and bank notes in current use and having a face value; and
 2. Travelers checks, register checks, credit card slips, and money orders held for sale.

"Money" does not include crypto-currencies such as Bitcoin.
- "One equipment breakdown" means if an initial "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments", all will be considered "one equipment breakdown". All "accidents" or "electronic circuitry impairments" that are the result of the same "accident" or "electronic circuitry impairment" will be considered "one equipment breakdown".
- "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.
- "Rental income" means:
 1. The rents from the tenant occupancy of the premises described in the "Declarations";
 2. Continuing operating expenses incurred by the business such as:
 - a. Payroll; and



ERIE INSURANCE GROUP

FIVESTAR CONTRACTORS
ULTRAFLEX PACKAGE
ULTRAPACK BUSINESS
ULTRASURE FOR PROPERTY OWNERS
GU-51 (Ed. 3/01) UF-8075

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
PENNSYLVANIA AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following is added to **Loss Payment of Section X - Commercial Property Conditions:**

We must give the insured notice of our intent to repair or replace within 15 working days after we receive your sworn proof of loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

COMMERCIAL INLAND MARINE COVERAGE PART(S)

FIVESTAR CONTRACTORS' COMMERCIAL PROPERTY COVERAGE PART

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

ULTRAPACK COMMERCIAL PROPERTY COVERAGE PART

ULTRASURE FOR PROPERTY OWNERS' COMMERCIAL PROPERTY COVERAGE PART

ULTRASURE FOR LANDLORDS POLICY

A. Cap On Certified Terrorism Losses

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

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

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

B. Application Of Exclusions

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

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COMMERCIAL GENERAL LIABILITY
ULTRAFLEX PACKAGE
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UL-KA (Ed. 5/06) UF-6761

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - AUTOMOBILE REPAIR, SERVICE, SALES, RENTAL, OR LEASING

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I - Coverage B - Personal And Advertising Injury Liability:

Auto Repair, Service, Sales, Rental, or Leasing

This insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising out of repair, service, sales, rental, or leasing of "autos", all terrain vehicles (ATV's), snowmobiles, or "mobile equipment".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEWER AND DRAIN BACK-UP COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. The following is added to Section II - Perils Insured Against - Building(s) - Coverage 1 and Business Personal Property and Personal Property of Others - Coverage 2:**

We will cover buildings and business personal property on the premises described in the "Declarations" for the amount of insurance shown in the "Declarations" for this coverage. "Loss" must be caused by water or sewage which backs up through sewers or drains, or

which enters into and overflows from within a sump pump, sump pump well, or any other system designed to remove subsurface water which is drained from the foundation area.

- B. Paragraph A.6.c. of Section III - Exclusions is deleted.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUILDING ORDINANCE OR LAW COVERAGE - INCREASED COVERAGE

This endorsement modifies insurance provided under the following:

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

The following are added to **Building Ordinance or Law Coverage** and **Demolition Cost** of Section VIII - **Extensions of Coverage**:

The \$25,000 amount of insurance for which we will pay under **Increased Cost of Construction** of **Extensions of Coverage - Building Ordinance or Law Coverage** and/or the \$25,000 amount of insurance for which we will pay under **Extensions of Coverage - Demolition Cost** are increased by the amount of insurance shown in the "Declarations". This increased amount of insurance is only applied once as the result of one occurrence.

The maximum amount of insurance we will pay for any one loss is:

1. The \$25,000 amount of insurance shown in the ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART under **Increased Cost of Construction** of **Extensions of Coverage - Building Ordinance or Law Coverage** and the \$25,000 amount of insurance shown in the ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART under **Extensions of Coverage - Demolition Cost**, and
2. The increased amount of insurance shown in the "Declarations".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRODUCTION OR PROCESS MACHINERY - DEDUCTIBLE

This endorsement modifies insurance provided under the following:

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

A. The following is added to Section V - Deductibles:

We will pay the amount of "loss" to "production or process machinery" caused by an "accident" or "electronic circuitry impairment" in any one occurrence which is in excess of:

1. \$1,000;
2. The deductible amount shown in the "Declarations";
or
3. The deductible amount applying to Building(s) – Coverage 1 and Business Personal Property and Personal Property of Others – Coverage 2;

whichever amount is greater.

For Additional Income Protection Coverage – Coverage 3, if the loss to "production or process machinery" is caused by an "accident" or "electronic circuitry impairment", we will pay the amount of "income" and/or "rental income" loss which is in excess of one day multiplied by the "average daily value".

Should the policy deductible apply to the same "loss", only the deductibles for "production or process machinery" plus income protection or the policy deductible, whichever is the greater amount, shall be used.

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

"Average daily value" means the loss of "income" and/or "rental income" for that location that you would have earned had no "accident" or "electronic circuitry impairment" occurred during the "interruption of business" divided by the number of days in that period.

We will make no reduction for loss of "income" and/or "rental income" not being earned, or the number of working days, because the "accident" or "electronic circuitry impairment" occurred, or any other scheduled or unscheduled shutdowns during the "interruption of business". If the Business Income and Extra Expense dollar deductible is expressed as a number times the "average daily value", that amount will be calculated as follows:

The "average daily value" will be the "income" and/or "rental income" for the entire location that would have been earned had no "accident" or "electronic circuitry impairment" occurred during the period of "interruption of business" divided by the number of working days in that period. No reduction shall be made for the "income" and/or "rental income" not being earned or in the number of working days, because of the "accident" or "electronic circuitry impairment" or any other scheduled or unscheduled shutdowns during the period of interruption. The "average daily value" applies to all locations included in the valuation of the loss.

The number indicated in the "Declarations" will be multiplied by the "average daily value" as determined above. The result will be used for the Business Income and Extra Expense dollar deductible.

Example

Business is interrupted partially or completely for 10 days. If there had been no "accident" or "electronic circuitry impairment", the total location income for those 10 days would have been \$5,000. The Income Protection Deductible is 3 times the "average daily value".

$\$5,000 \div 10 = \500 "average daily value".

$3 \text{ times } \$500 = \$1,500$ Loss of Income Protection Deductible.

"Production or process machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AUTO REPAIR SHOPS ERIEPLACEABLE ENHANCEMENTS ENDORSEMENT

This endorsement modifies insurance provided under the following:

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

- A. The following is added to Paragraph A. **Covered Property of Section I – Buildings – Coverage 1:**
- Buildings - Coverage 1 covers permanently installed canopy structures and pumps.
- B. The following is added to Paragraph A. **Covered Property of Section I - Business Personal Property and Personal Property of Others – Coverage 2:**
- Business Personal Property and Personal Property of Others - Coverage 2 covers:
- Your and your employees' tools while in or on the described buildings, in the open, in a vehicle, on the premises described in the "Declarations" or within 1,500 feet thereof. For tools and equipment off premises, coverage is provided under Paragraph H. **8. Coverage - Mechanics' Tools Off Premises.**
- C. The amount of insurance under **Check, Credit, Debit, or Charge Card Forgery or Alteration of Section VIII - Extensions of Coverage** is increased from \$5,000 to \$15,000 for any one "loss".
- D. The amount of insurance under **Counterfeit Money of Section VIII - Extensions of Coverage** is increased from \$1,000 to \$11,000 for any one "loss".
- E. The amount of insurance under **Employee Dishonesty of Section VIII - Extensions of Coverage** is increased from \$10,000 to \$25,000 for any one "loss".
- F. The amount of insurance under **Income Protection – Off Premises Utility Properties Failure of Section VIII - Extensions of Coverage** is increased from \$25,000 to \$50,000 for any one loss.
- G. We will pay up to \$250,000 as a Blanket Coverage Amount of Insurance which applies to the following coverages:
1. Accounts Receivable;
 2. Business Personal Property and Personal Property of Others - Temporarily Off Premises;
 3. Debris Removal;
 4. Electronic Data Processing Equipment – Computer Virus;
 5. Electronic Data – Expenses for Reproduction or Replacement;
 6. Fine Arts;
 7. Transportation; and
 8. Valuable Papers and Records.
- This blanket amount of insurance may be applied to any one coverage or combination of coverages shown above. However, the most we will pay for "loss" or damage resulting from any one occurrence at any premises described in the "Declarations" is \$250,000. The blanket amount of insurance applies separately to each premises described in the "Declarations".
- The blanket amount of insurance is in addition to the amount of insurance provided for these coverages in **Section IV – Additional Coverages and Section VIII - Extensions of Coverage.**
- H. The following is added to **Section I - Coverages:**
1. **Contract Penalty - Coverage**
- We will pay up to \$5,000 for contractual penalties that you are required to pay your customers. These contractual penalties must be a result of any clause in your contracts for failure to timely deliver your products according to the contract terms. These contractual penalties must result from "loss" or damage to your covered property by a peril insured against.

2. **Extra Expense - Coverage**

The following is added to **Extra Expense of Income Protection of Section VIII - Extensions of Coverage**:

The \$25,000 amount of insurance for which we will pay under **Extensions of Coverage - Income Protection** is increased by \$10,000 for Extra Expense only.

The maximum amount of insurance for which we will pay for any one loss for extra expense is \$35,000.

3. **Merchandise – Deferred Payment**

Business Personal Property and Personal Property of Others - Coverage 2 includes protection for "loss" by a peril insured against to merchandise which you have sold under a conditional sale or trust agreement or any installment or deferred payment plan after delivery to buyers.

We will pay up to \$5,000 for "loss" or damage to merchandise which you have sold under a conditional sale or trust agreement or any installment or deferred payment plan after deliver to buyers.

When a total "loss" to covered property occurs, deferred payments are valued at the amount shown in your books as due from the buyer.

When partial "loss" to covered property occurs and the buyer refuses to continue payment, forcing you to repossess, deferred payments are valued as follows:

- a. If the realized value of the repossessed property is greater than or equal to the amount shown in your books, as due from the buyer, we will make no payment; but
- b. If the realized value of the repossessed property is less than the amount shown in your books as due from the buyer, we will pay the difference.

When a total or partial "loss" occurs and the buyer continues to pay you, we will make no loss payment.

4. **Outdoor Radio and Television Antennas and Satellite Dishes**

We will pay up to \$2,500 for "loss" or damage to outdoor radio and television antennas, satellite dishes, and its lead-in wiring, masts, or towers caused by windstorm or hail at the premises described in the "Declarations".

5. **Peak Season - Business Personal Property and Personal Property of Others – Coverage 2**

The amount of insurance for Business Personal Property and Personal Property of Others - Coverage 2 is increased by 25% of the limit for Business Personal Property and Personal Property of Others - Coverage 2 to cover "loss" to business personal property and personal property of others during a peak season.

6. **Sewer And Drain Back-Up - Coverage**

We will pay up to \$5,000 for any one "loss" to covered property caused by water or sewage that backs up through sewers and drains, or which enters into and overflows or is otherwise discharged from a sewer, drain, sump pump, sump pump well, or any other system designed to remove subsurface water which is drained from the foundation area.

Paragraph A.6.c. of Section III - Exclusions is deleted.

Deductible - We will pay the amount of "loss" to your covered property in any one occurrence which is in excess of \$500 for this coverage.

7. **Utility Services - Direct Damage - Coverage**

We will pay up to \$25,000 for "loss" or damage to covered property on the premises described in the "Declarations" that you sustain due to an interruption in utility service to the premises described in the "Declarations".

The interruption in utility services must result directly from "loss" to the following property, not on the premises described in the "Declarations", from a peril insured against:

- a. Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave, or television services, to the premises described in the "Declarations", such as:
 - 1) Communication transmission lines (including fiber optic transmission lines);
 - 2) Coaxial cables; and
 - 3) Microwave radio relay except satellites.

b. Power Supply Property, meaning the following types of property supplying electricity, steam, or gas to the premises described in the "Declarations":

- 1) Utility generating plants;
- 2) Switching stations;
- 3) Substations;
- 4) Transformers; and
- 5) Transmission lines.

c. Water Supply Property, meaning the following types of property supplying water to the premises described in the "Declarations":

- 1) Pumping stations; and
- 2) Water mains.

d. Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the premises described in the "Declarations" other than a system designed primarily for draining storm water. The wastewater removal property includes sewer mains, pumping stations, and similar equipment for moving the effluent to a holding treatment or disposal facility, and includes such facilities.

Transmission lines include all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

We will not pay for "loss" or damage to "electronic data" including destruction or corruption of "electronic data"

8. Mechanics' Tools Off Premises - Coverage

a. Insuring Agreement

We will pay up to \$10,000 for direct physical "loss" of or damage to covered property while off the premises described in the "Declarations" caused by any of the covered causes of "loss" listed under **Section II - Perils Insured Against**.

b. Covered Property

We will cover:

- 1) Your portable powered and non-powered hand tools;
- 2) Your employees' portable powered and non-powered hand tools;
- 3) Portable powered and non-powered hand tools in your care, custody, or control.
- 4) Your "mechanics' non-mobile equipment;

5) Your employees' "mechanics' non-mobile equipment; and

6) "Mechanics' non-mobile equipment" in your care, custody or control.

We will also cover all portable powered, non-powered hand tools, and non-mobile equipment that you lease, rent, or borrow from anyone else up to \$2,500 for any one "loss". This \$2,500 is part of and not in addition to the \$10,000 amount of insurance for mechanics' tools shown above.

c. Property Not Covered

We do not cover:

- 1) "Aircraft" or watercraft;
- 2) "Automobiles", trucks, tractors, trailers, and similar conveyances designed for highway use or used for over the road transportation of people or cargo;
- 3) Contraband or property in the course of illegal transportation or trade;
- 4) Property while airborne;
- 5) Property that is waterborne, except by fire;
- 6) Property that you loan, lease, or rent to others;
- 7) Property while it is stored or operated underground in connection with any mining operations;
- 8) "Mobile equipment"; or
- 9) Plans, blueprints, designs, or specifications.

d. **Section II – Perils Insured Against** of the Ultraflex Commercial Property Coverage Part is replaced by the following but only for this coverage:

Covered Cause of Loss

This coverage insures against direct physical "loss", except "loss" as excluded or limited in **Section III - Exclusions** of this coverage.

e. **Section III - Exclusions** is replaced by the following but only for this coverage:

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

1) **Civil Authority**

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

However, we will cover "loss" caused by acts of destruction ordered by governmental authority to prevent the spread of a fire.

2) **Intentional Acts**

Intentional loss, meaning any "loss" arising from an act committed by, or at the direction of the insured with the intent to cause a "loss".

3) **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".

4) **Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination unless fire ensues, and then only for ensuing "loss".

5) **War**

War, whether declared or undeclared, discharge of a nuclear weapon (even if accidental), hostile or warlike action in time of peace or war, insurrection, rebellion, revolution, civil war, usurped power, including action taken by governmental authority in defending against such an occurrence.

6) **Weather Conditions**

Weather conditions, but only if weather conditions contribute in any way with a peril excluded in this section to produce the "loss".

7) **Seepage or Leakage**

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.

We do not cover "loss" or damage resulting from:

1) **Criminal, Fraudulent, or Dishonest Acts**

Criminal, fraudulent, or dishonest acts committed by you or any of your members of a limited liability company, or any of your employees, directors, officers, trustees, or authorized representatives:

- a) Acting alone or in collusion with other persons; or
- b) While performing services for you or otherwise.

We will cover acts of destruction by your employees but only for ensuing "loss"; but theft by your employees (including leased employees) is not covered.

2) **Deterioration or Contamination**

- a) Deterioration or contamination;
- b) Wear and tear, rust or corrosion, or rotting;
- c) Change in color, texture, or finish;
- d) Inherent vice;
- e) Any quality, fault, or weakness in the covered property that causes it to damage or destroy itself;
- f) Marring or scratching;
- g) Settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, sidewalks, driveways, patios, floors, roofs, or ceilings; or
- h) Termites, vermin, insects, rodents, birds, skunks, raccoons, spiders, or reptiles.

3) **Electricity**

Electricity, other than lightning, unless fire or explosion ensues, and then only for ensuing "loss".

4) **Humidity/Temperature**

Humidity, freezing or overheating, dampness, dryness, or changes in or extremes of temperature.

- 5) **Loss of Use**
Loss of use, business interruption, delay, or loss of market.
- 6) **Mechanical Breakdown**
We do not pay for "loss" caused by mechanical breakdown including centrifugal force.
However, this exclusion does not apply to "loss" resulting from testing.
- 7) **Missing Property**
Missing property where the only proof of "loss" is unexplained or mysterious disappearance of covered property, shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property. This exclusion does apply to covered property in the custody of a carrier for hire.
- 8) **Pollutants**
Discharge, dispersal, seepage, migration, release, or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release, or escape is itself caused by a peril insured against. But if "loss" or damage by a peril insured against results from the discharge, dispersal, seepage, migration, release, or escape of "pollutants", we will pay for the resulting damage caused by the peril insured against.
- e. **Section V - Deductibles** is replaced by the following but only for this coverage:
We will pay the amount of "loss" to covered property in any one occurrence which is in excess of \$500 if the "loss" is only covered by this endorsement.
When the occurrence involves "loss" to covered property under the Mechanics' Tools Off Premises of the Ultraflex Auto Repair Shops Eriplaceable Enhancements Endorsement and under another Tool Coverage Part, the highest deductible will be applied to the "loss".
- f. The following is added to Paragraph B. **Where in Section IX - When and Where This Policy Applies:**
Coverage applies only while the covered property is in the United States, its territories or possessions, Puerto Rico, or Canada. This includes property that is in transit within the continental United States.
- g. The following is added to **Section X - Commercial Property Conditions:**
Valuation
The value of covered property will be based on the actual cash value at the time of "loss" (with a deduction for depreciation).
- h. The following is added to **XI - Definitions**
"Mechanics' non-mobile equipment" means machinery and equipment of a portable nature that you use in your repairing and servicing operations. "Mechanics' non-mobile equipment" also means powered and non-powered equipment such as portable welders, portable heaters, ladders, scaffolding, mortar mixers, pumps, table/radial saws, and generators.
"Mechanics' non-mobile equipment" does not include powered and non-powered hand tools.
9. **Computer Fraud**
- a. We will pay up to \$10,000 for "loss" to "money", "securities", or Business Personal Property and Personal Property of Others resulting directly from "computer fraud".
Funds Transfer Fraud
We will pay for "loss" to "money" and "securities" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay, or deliver "money" or "securities" from your "transfer account".
- b. "Money" and "securities" of Paragraph B - **Property Not Covered of Section I - Business Personal Property and Personal Property of Others - Coverage 2** does not apply to this coverage.
- c. Under Computer Fraud Coverage, we do not cover "loss" caused:
- 1) By "loss" resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value, or other cards or the information contained on such cards.
 - 2) By intentional misleading of a person to induce you or your employees to transfer "money", "securities", or business personal property and personal property of others by someone pretending to be you, your employee, vendor, or client.
 - 3) By any "loss" or that part of any "loss", where the proof of its existence or amount is dependent upon:
 - a) An inventory computation; or
 - b) A profit and loss computation;

- 4) By seizure or destruction of property by order of governmental authority;
- 5) By or that is an indirect result of any act or "occurrence" covered by "computer fraud" or funds transfer fraud including, but not limited to, "loss" caused by:
 - a) Your inability to realize income that you would have realized had there been no "loss" of, or "loss" from damage to, covered property;
 - b) Payment of damages of any type for which you are legally liable. We will pay compensatory damages arising from a "loss" covered by this policy; or
 - c) Payment of costs, fees, or other expenses you incur in establishing either the existence or the amount of "loss" under this endorsement; or
- 6) By expenses related to any legal action.

d. Deductible

Computer Fraud Coverage - We will pay the amount of "loss" resulting directly from any one "occurrence" in excess of a \$500 deductible.

- e. The following are added to **Section X – Commercial Property Conditions**, but only for this coverage:

Limit of Protection For Specified Property

We will pay up to \$1,000 for any one "occurrence" for "loss" to:

1. Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or
2. Manuscripts, drawings, or records of any kind or the cost reconstructing them or reproducing any information contained in them.

Discovery Period For Loss

We will pay for a covered "loss" discovered no later than one year from the end of the policy period.

- f. The following are added to **Section XI – Definitions**, but only for Computer Fraud Coverage:

"Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

"Computer fraud" means theft of property following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the premises described in the "Declarations" or "banking premises" to a place outside those premises

or to a person (other than a messenger) outside those premises.

"Fraudulent instruction" means:

- 1) An electronic, telegraphic, cable, teletype, telefacsimile, or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
- 2) A written instruction issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
- 3) An electronic, telegraphic, cable, teletype, telefacsimile, telephone, or written instruction initially received by you which purports to have been transmitted by an employee but which was in fact fraudulently transmitted by someone else without your or the employee's knowledge or consent.

"Occurrence" means an:

- 1) Act or series of related acts involving one or more persons; or
- 2) Act, event, or a series of related acts or events not involving any person.

"Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment, or delivery of "money" or "securities":

- 1) By means of electronic, telegraphic, cable teletype, telefacsimile, or telephone instructions communicated directly through an electronic fund transfer system; or
- 2) By means or written instructions establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

10. Repair Shops Coverage

We will pay the retail price of parts, materials and labor if we ask you to repair any "auto" you do not own that is damaged in your operations, other than by faulty workmanship.

This includes the normal profit you would make for similar work on customers "autos".

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

- A. Paragraph 7. under **Section III - Limits of Insurance** of the **Commercial General Liability Coverage Form** is replaced by the following only if liability coverage is provided in this policy:

7. Subject to 5. above, the Medical Expense Limit is increased from \$5,000 to \$10,000. This limit is the most we

will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RETAILERS ERIEPLACEABLE ENHANCEMENTS ENDORSEMENT

This endorsement modifies insurance provided under the following:

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

- A. The following is added to Paragraph A. Covered Property of **Section I - Business Personal Property and Personal Property of Others - Coverage 2:**

Business Personal Property and Personal Property of Others - Coverage 2 covers:

Your and your employees' tools while in or on the described buildings, in the open, in a vehicle, on the premises described in the "Declaration" or within 1,500 feet thereof. For tools and equipment off premises, coverage is provided under Paragraph **H.10. Tools Off Premises - Coverage.**

- B. The amount of insurance under **Check, Credit, Debit, or Charge Card Forgery or Alteration of Section VIII - Extensions of Coverage** is increased from \$5,000 to \$15,000 for any one "loss".
- C. The amount of insurance under **Counterfeit Money of Section VIII - Extensions of Coverage** is increased from \$1,000 to \$11,000 for any one "loss".
- D. The amount of insurance under **Employee Dishonesty of Section VIII - Extensions of Coverage** is increased from \$10,000 to \$25,000 for any one "loss".
- E. The amount of insurance under **Income Protection - Off Premises Utility Properties Failure of Section VIII - Extensions of Coverage** is increased from \$25,000 to \$50,000 for any one loss.
- F. The amount of insurance under **Non-Owned Detached Trailers of Section VIII - Extensions of Coverage** is increased from \$5,000 to \$10,000 for any one "loss".
- G. The amount of insurance under **Contingent Business Interruption** is increased from \$25,000 to \$50,000 for any one loss.
- H. We will pay up to \$250,000 as a Blanket Coverage Amount of Insurance which applies to the following coverages:
1. Accounts Receivable;

2. Business Personal Property and Personal Property of Others - Temporarily Off Premises;
3. Debris Removal;
4. Electronic Data Processing Equipment - Computer Virus;
5. Electronic Data - Expenses for Reproduction or Replacement;
6. Fine Arts;
7. Transportation; and
8. Valuable Papers and Records.

This blanket amount of insurance may be applied to any one coverage or combination of coverages shown above. However, the most we will pay for "loss" or damage resulting from any one occurrence at any premises described in the "Declarations" is \$250,000. The blanket amount of insurance applies separately to each premises described in the "Declarations".

The blanket amount of insurance is in addition to the amount of insurance provided for these coverages in **Section IV - Additional Coverages** and **Section VIII - Extensions of Coverage.**

- I. **Computer Fraud Coverage** is added to **Section VIII - B. Extensions of Coverage:**
1. We will pay up to \$10,000 for "loss" caused by:
Computer Fraud
We will pay for "loss" to "money", "securities", or Business Personal Property and Personal Property of Others resulting directly from "computer fraud".
Funds Transfer Fraud
We will pay for "loss" to "money" and "securities" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay, or deliver "money" or "securities" from your "transfer account".
 2. "Money" and "securities" of Paragraph **B - Property Not Covered** of **Section I - Business Personal Property and Personal Property of Others - Coverage 2** does not apply to this coverage.

3. Under Computer Fraud Coverage, we do not cover "loss" caused:

- a. By "loss" resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value, or other cards or the information contained on such cards.
- b. By intentional misleading of a person to induce you or your employees to transfer "money", "securities", or business personal property and personal property of others by someone pretending to be you, your employee, vendor, or client.
- c. By any "loss" or that part of any "loss", where the proof of its existence or amount is dependent upon:
 - 1) An inventory computation; or
 - 2) A profit and loss computation;
- d. By seizure or destruction of property by order of governmental authority;
- e. By or that is an indirect result of any act or "occurrence" covered by "computer fraud" or funds transfer fraud including, but not limited to, "loss" caused by:
 - 1) Your inability to realize income that you would have realized had there been no "loss" of, or "loss" from damage to, covered property;
 - 2) Payment of damages of any type for which you are legally liable. We will pay compensatory damages arising from a "loss" covered by this policy; or
 - 3) Payment of costs, fees, or other expenses you incur in establishing either the existence or the amount of "loss" under this endorsement; or
- f. By expenses related to any legal action.

4. **Deductible**

Computer Fraud Coverage - We will pay the amount of "loss" resulting directly from any one "occurrence" in excess of a \$500 deductible.

5. The following is added to **Section X – Commercial Property Conditions**, but only for this coverage:

Limit of Protection For Specified Property

We will pay up to \$1,000 for any one occurrence for "loss" to:

- a. Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or

- b. Manuscripts, drawings or records of any kind or the cost reconstructing them or reproducing any information contained in them.

Discovery Period For Loss

We will pay for a covered "loss" discovered no later than one year from the end of the policy period.

6. The following are added to **Section XI – Definitions**, but only for Computer Fraud Coverage:

"Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

"Computer fraud" means theft of property following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the premises described in the "Declarations" or "banking premises" to a place outside those premises or to a person (other than a messenger) outside those premises.

"Fraudulent instruction" means:

- a. An electronic, telegraphic, cable, teletype, telefacsimile, or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
- b. A written instruction issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
- c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone, or written instruction initially received by you which purports to have been transmitted by an employee but which was in fact fraudulently transmitted by someone else without your or the employee's knowledge or consent.

"Occurrence" means an:

- a. Act or series of related acts involving one or more persons; or
- b. Act, event, or a series of related acts or events not involving any person.

"Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment, or delivery of "money" or "securities":

- a. By means of electronic, telegraphic, cable teletype, telefacsimile, or telephone instructions communicated directly through an electronic fund transfer system; or

By means or written instructions establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

J. The following are added to **Section I - Coverages**:

1. Brands And Labels - Coverage

We will cover branded or labeled merchandise damaged by a peril insured against covered in the Commercial Property Coverage Part.

If we take your damaged merchandise at an agreed or appraised value, we may also pay expenses you incur to:

- a. Stamp salvage on the merchandise or its containers, if the stamp will not cause further damage to the merchandise; or
- b. Remove any brands or labels, if doing so will not cause further damage to the merchandise or its containers. You must relabel the merchandise or its containers to comply with the law.

2. Contamination Of Perishable Goods From Refrigerants - Coverage

We will pay up to \$25,000 for a "loss" to perishable goods caused by contamination resulting from the release of refrigerants, including ammonia.

3. Contract Penalty Coverage

We will pay up to \$25,000 for contractual penalties that you are required to pay your customers. These contractual penalties must be a result of any clause in your contracts for failure to timely deliver your products according to the contract terms. These contractual penalties must result from "loss" or damage to your covered property by a peril insured against.

4. Extra Expense - Coverage

The following is added to **Extra Expense of Income Protection of Section VIII - Extensions of Coverage**:

The \$25,000 amount of insurance for which we will pay under **Extensions of Coverage - Income Protection** is increased by \$10,000 for Extra Expense only.

The maximum amount of insurance for which we will pay for any one loss for extra expense is \$35,000.

5. Merchandise – Deferred Payment

Business Personal Property and Personal Property of Others - Coverage 2 includes protection for "loss" by a peril insured against to merchandise which you have sold under a conditional sale or trust agreement or any installment or deferred payment plan after delivery to buyers.

We will pay up to \$25,000 for "loss" or damage to merchandise which you have sold under a conditional sale or trust agreement or any installment or deferred payment plan after delivery to buyers.

When a total "loss" to covered property occurs, deferred payments are valued at the amount shown in your books as due from the buyer.

When partial "loss" to covered property occurs and the buyer refuses to continue payment, forcing you to repossess, deferred payments are valued as follows:

- a. If the realized value of the repossessed property is greater than or equal to the amount shown in your books, as due from the buyer, we will make no payment; but
- b. If the realized value of the repossessed property is less than the amount shown in your books as due from the buyer, we will pay the difference.

When a total or partial "loss" occurs and the buyer continues to pay you, we will make no loss payment.

6. Outdoor Radio and Television Antennas and Satellite Dishes

We will pay up to \$2,500 for "loss" or damage to outdoor radio and television antennas, satellite dishes, and its lead-in wiring, masts, or towers caused by windstorm or hail at the premises described in the "Declarations".

7. Peak Season - Business Personal Property and Personal Property of Others – Coverage 2

The amount of insurance for Business Personal Property and Personal Property of Others - Coverage 2 is increased by 25% of the limit for Business Personal Property and Personal Property of Others - Coverage 2 to cover "loss" to business personal property and personal property of others during a peak season.

8. Sewer And Drain Back-Up - Coverage

We will pay up to \$5,000 for any one "loss" to covered property caused by water or sewage that backs up through sewers and drains, or which enters into and overflows or is otherwise discharged from a sewer, drain, sump pump, sump pump well, or any other system designed to remove subsurface water which is drained from the foundation area.

Paragraph A.6.c. of **Section III - Exclusions** is deleted.

Deductible - We will pay the amount of "loss" to your covered property in any one occurrence which is in excess of \$500 for this coverage.

9. Utility Services - Direct Damage - Coverage

We will pay up to \$25,000 for "loss" or damage to covered property on the premises described in the

"Declarations" that you sustain due to an interruption in utility service to the premises described in the "Declarations".

The interruption in utility services must result directly from "loss" to the following property, not on the premises described in the "Declarations", from a peril insured against:

- a. Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave, or television services, to the premises described in the "Declarations", such as:
 - 1) Communication transmission lines (including fiber optic transmission lines);
 - 2) Coaxial cables; and
 - 3) Microwave radio relay except satellites.
- b. Power Supply Property, meaning the following types of property supplying electricity, steam, or gas to the premises described in the "Declarations":
 - 1) Utility generating plants;
 - 2) Switching stations;
 - 3) Substations;
 - 4) Transformers; and
 - 5) Transmission lines.
- c. Water Supply Property, meaning the following types of property supplying water to the premises described in the "Declarations":
 - 1) Pumping stations; and
 - 2) Water mains.
- d. Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the premises described in the "Declarations" other than a system designed primarily for draining storm water. The wastewater removal property includes sewer mains, pumping stations, and similar equipment for moving the effluent to a holding treatment or disposal facility, and includes such facilities.

Transmission lines include all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

We will not pay for "loss" or damage to "electronic data" including destruction or corruption of "electronic data".

10. Tools Off Premises - Coverage

a. Insuring Agreement

We will pay up to \$5,000 for direct physical "loss" of or damage to covered property while off the premises described in the "Declarations" caused by any of the covered causes of "loss" listed under **Section II - Perils Insured Against**.

b. Covered Property

We will cover:

- 1) Your portable powered and non-powered hand tools;
- 2) Your employees' portable powered and non-powered hand tools;
- 3) Portable powered and non-powered hand tools in your care, custody, or control.
- 4) Your "non-mobile equipment";
- 5) Your employees' "non-mobile equipment"; and
- 6) Employees' "non-mobile equipment" in your care, custody, or control.

We will also cover all portable powered, non-powered hand tools, and "non-mobile equipment" that you lease, rent, or borrow from anyone else up to \$2,500 for any one "loss".

c. Property Not Covered

We do not cover:

- 1) "Aircraft" or watercraft;
- 2) "Automobiles", trucks, tractors, trailers, and similar conveyances designed for highway use or used for over the road transportation of people or cargo;
- 3) Contraband or property in the course of illegal transportation or trade;
- 4) Property while airborne;
- 5) Property that is waterborne, except by fire;
- 6) Property that you loan, lease, or rent to others;
- 7) Property while it is stored or operated underground in connection with any mining operations;
- 8) "Mobile equipment"; or
- 9) Plans, blueprints, designs, or specifications.

- d. **Section II – Perils Insured Against** of the Ultraflex Commercial Property Coverage Part is replaced by the following but only for this coverage:

Covered Cause of Loss

This coverage insures against direct physical "loss", except "loss" as excluded or limited in **Section III - Exclusions** of this coverage.

- e. **Section III - Exclusions** is replaced by the following but only for this coverage:

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

1) **Civil Authority**

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

However, we will cover "loss" caused by acts of destruction ordered by governmental authority to prevent the spread of a fire.

2) **Intentional Acts**

Intentional loss, meaning any "loss" arising from an act committed by or at the direction of the insured with the intent to cause a "loss".

3) **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".

4) **Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination unless fire ensues, and then only for ensuing "loss".

5) **War**

War, whether declared or undeclared, discharge of a nuclear weapon (even if accidental), hostile or warlike action in time of peace or war, insurrection, rebellion, revolution, civil war, usurped power, including action taken by governmental authority in defending against such an occurrence.

6) **Weather Conditions**

Weather conditions, but only if weather conditions contribute in any way with a peril excluded in this section to produce the "loss".

7) **Seepage or Leakage**

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.

We do not cover "loss" or damage resulting from:

1) **Criminal, Fraudulent, or Dishonest Acts**

Criminal, fraudulent, or dishonest acts committed by you or any of your members of a limited liability company, or any of your employees, directors, officers, trustees, or authorized representatives:

- a) Acting alone or in collusion with other persons; or
- b) While performing services for you or otherwise.

We will cover acts of destruction by your employees but only for ensuing "loss"; but theft by your employees (including leased employees) is not covered.

2) **Deterioration or Contamination**

- a) Deterioration or contamination;
- b) Wear and tear, rust or corrosion, or rotting;
- c) Change in color, texture, or finish;
- d) Inherent vice;
- e) Any quality, fault, or weakness in the covered property that causes it to damage or destroy itself;
- f) Marring or scratching;
- g) Settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, sidewalks, driveways, patios, floors, roofs, or ceilings; or
- h) Termites, vermin, insects, rodents, birds, skunks, raccoons, spiders, or reptiles.

3) **Electricity**

Electricity, other than lightning, unless fire or explosion ensues, and then only for ensuing "loss".

4) **Humidity/Temperature**

Humidity, freezing or overheating, dampness, dryness, or changes in or extremes of temperature.

5) **Loss of Use**

Loss of use, business interruption, delay, or loss of market.

6) **Mechanical Breakdown**

We do not pay for "loss" caused by mechanical breakdown including centrifugal force.

However, this exclusion does not apply to "loss" resulting from testing.

7) **Missing Property**

Missing property where the only proof of "loss" is unexplained or mysterious disappearance of covered property, shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property. This exclusion does apply to covered property in the custody of a carrier for hire.

8) **Pollutants**

Discharge, dispersal, seepage, migration, release, or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release, or escape is itself caused by a peril insured against. But if "loss" or damage by a peril insured against results from the discharge, dispersal, seepage, migration, release, or escape of "pollutants", we will pay for the resulting damage caused by the peril insured against.

- f. **Section V - Deductibles** is replaced by the following but only for this coverage:

We will pay the amount of "loss" to covered property in any one occurrence which is in excess of \$500 if the "loss" is only covered by this endorsement.

When the occurrence involves "loss" to covered property under the Tools Off Premises - Coverage of the Ultraflex Retailers Eriplaceable Enhancements Endorsement and under another Tool Coverage Part, the highest deductible will be applied to the "loss".

- g. The following is added to Paragraph **B. Where in Section IX - When and Where This Policy Applies**:

Coverage applies only while the covered property is in the United States, its territories or possessions, Puerto Rico, or Canada. This includes property that is in transit within the continental United States.

- h. The following is added to **Section X - Commercial Property Conditions**:

VALUATION

The value of covered property will be based on the actual cash value at the time of "loss" (with a deduction for depreciation).

- i. The following is added to **Section XI - Definitions**:

"Non-mobile equipment" means machinery and equipment of a portable nature that you use in your repairing and servicing operations. "Non-mobile equipment" also means powered and non-powered equipment such as portable welders, portable heaters, ladders, scaffolding, mortar mixers, pumps, table/radial saws, and generators.

"Non-mobile equipment" does not include powered and non-powered hand tools.

- K. **Net Selling Price** is added to **Section X - Commercial Property Conditions**:

Stock you have sold and is being transported will be valued at the selling price less any discounts and expenses you otherwise would have had. The "loss" or damage to stock much be caused by a peril insured against listed under **Transportation of Section VIII - B. Extensions of Coverage**.

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. **Section II - Who Is An Insured** is amended to include the following:

Any person or organization but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business.

However:

1. The insurance afforded to such vendor only applies to the extent permitted by law; and
2. If coverage provided to the vendor is required by a contract or agreement, the insurance afforded to such vendor will not be broader than that which you are required by the contract or agreement to provide such vendor.

The insurance afforded the vendor does not apply to:

1. "Bodily injury" or "property damage" for which the vendor 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 that the vendor would have in the absence of the contract or agreement.
2. Any express warranty unauthorized by you;
3. Any physical or chemical change in the product made intentionally by the vendor;
4. Repacking, unless when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manu-

facturer, and then repackaged in the original container;

5. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
6. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
7. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
8. "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
 - a. The exceptions contained in paragraphs 4. or 6. above; or
 - b. Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

With respect to the insurance afforded to these vendors, the following is added to **Section III – Limits of Insurance**:

If coverage provided to the vendor is required by a contract or agreement, the most we will pay on behalf of the vendor is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This coverage shall not increase the applicable Limits of Insurance shown in the Declarations.

B. Paragraph 7. under **Section III - Limits of Insurance of the Commercial General Liability Coverage Form** is replaced by the following:

7. Subject to 5. above, the Medical Expense Limit is increased from \$5,000 to \$10,000. This limit is the most we will pay under Coverage C for all medical

expenses because of "bodily injury" sustained by any one person.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UTILITY PROPERTIES - DIRECT DAMAGE

This endorsement modifies insurance provided under the following:

ULTRAFLEX COMMERCIAL PROPERTY COVERAGE PART

A. The following is added to Section I - Coverages - Insuring Agreement:

We will pay for direct physical "loss" or damage to covered property at the premises described in the "Declarations" caused by the interruption of utility service to the premises described in the "Declarations".

The interruption of utility service must result from direct physical loss or damage by a peril insured against to the following property not on the premises described in the "Declarations":

1. Water Supply Property, meaning the following types of property supplying water to the premises described in the "Declarations":
 - a. Pumping stations; and
 - b. Water mains.
2. Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the premises described in the "Declarations" such as:
 - a. Communication transmission lines include fiber optic transmission lines;
 - b. Coaxial cables; and
 - c. Microwave radio relay except satellites.

3. Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the premises described in the "Declarations":

- a. Utility generating plants;
- b. Switching stations;
- c. Substations;
- d. Transformers; and
- e. Transmission lines.

B. The following is added to the Commercial Property Coverage Part as SECTION X – Commercial Property Conditions

AMOUNT OF INSURANCE:

We will pay up to the amount of insurance shown in the "Declarations" for this coverage, this amount of insurance is not an additional amount of insurance and will not increase the total amount of insurance available for the covered property involved.

Exhibit “F”

15

Michelle's Book
1st proposal

2019

INSURANCE PROPOSAL

Presented by:

Bradley A. Borneman
Body-Borneman Associates Inc.
17 East Philadelphia Avenue
Boyertown PA 19512
Phone: (800) 326-5290
Fax: (610) 367-1140

CREATED ESPECIALLY FOR:

Keenan Auto Sales, Inc. D/B/A Keenan Honda
4311 W. Swamp Road
Doylestown, Pa. 18902

09/01/2019

DISCLAIMER – The abbreviated outlines of coverages used throughout this proposal are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverages. Please read your policy for specific details of coverage.

NAMED INSUREDS

Keenan Auto Sales, Inc. D/B/A Keenan Honda

Keenan Motors, LTD

Precision Auto Center LTD, D/B/A Keenan Collision Center

Keenan Insurance Agency, Inc.

Keenan Management, Inc.

JCLP Limited Partnership

Jim Peruto LP

James A. Peruto LLC

PREMIUM COMPARISON

Insured: Keenan Auto Sales, Inc. D/B/A Keenan Honda

Policy Term: 09/01/2019 - 09/01/2020

did not like large inventory.

<u>COVERAGE</u>	<u>PREMIUM</u>	
	<u>Erie</u>	<u>Travelers</u>
Commercial Package <i>Erie</i>	\$26,792	\$54,198
Commercial Auto <i>Erie</i>	\$132,525	\$156,621
Umbrella:		
10 Million Erie <i>Erie</i> (\$12,761) <i>- would only do 10m</i>		
10 Million Chubb (\$15,150)	\$26,805	\$40,166
Employment Practices Liability 2 Million <i>Travelers</i>	\$16,800	\$16,800
Crime - <i>Travelers</i>	\$6,425	\$6,425
Cyber (Optional) <i>Travelers</i>	\$13,900	\$13,900
TOTAL:	\$209,347/\$223,247	\$285,110

*Ransome
Social Enging
Hack:
release records
2 years*

w/o cyber w/cyber

LOCATION SCHEDULE

Policy Term:

Loc # Bldg # Address

1	1	4037 W. Swamp Road, Doylestown, Pa. 18902	Auto Body Shop
2	1	4311 W. Swamp Road, Doylestown, Pa. 18902	Honda Auto Sales & Service
3	1	77 W. Swamp Road, Doylestown, Pa. 18902	Auto Storage Lot
4	1	3664 N. Easton Road, Doylestown, Pa. 18902	Mercedes Benz, Auto Sales & Service
5	1	3710 N. Easton Road, Doylestown, Pa. 18902	Auto Storage Lot
6	1	4259 W. Swamp Road, Doylestown, Pa. 18902	Auto Storage Lot
7	1	717 N. Easton Road, Doylestown, Pa. 18902	Auto Storage Lot

Matched to Zurich

PROPERTY LIMITS

Collision

Loc #	Bldg #	Subject of Insurance	Amount	Coins	Deductible	Valuation	Inflation Guard
1	1	Building	\$1,977,000	100%	\$5,000	Replacement Cost	
1	1	Contents	\$1,200,000	100%	\$5,000	Replacement Cost	
1	1	Income Protection	\$2,000,000				
2	1	Building	\$12,070,000	100%	\$5,000	Replacement Cost	
2	1	Contents	\$3,210,000	100%	\$5,000	Replacement Cost	
2	1	Income Protection	\$5,000,000				
4	1	Building	\$16,000,000	100%	\$5,000	Replacement Cost	
4	1	Contents	\$4,680,000	100%	\$5,000	Replacement Cost	
4	1	Income Protection	\$8,000,000			Replacement Cost	

agreed amount

Honda

Motor's

Blanket Building and Contents Coverage
Blanket Income Protection

Note: Business Income Includes Automobile Sales

location
1 Body Shop
2 Honda
4 Motor's

Optional Coverages:

Mechanical and Electrical Breakdown

Theft, Disappearance and Destruction of Money and Securities:

\$100,000 Inside the Premises, \$100,000 Outside the Premises with \$5,000 Deductible

Sewer and Drain Backup: \$100,000 With \$5,000 Deductible

Building Ordinance and Law Coverage: 10%

2019
4%

renewal - building will increase

3-4%



Applicant
Keenan Honda
Keenan Auto Sales Inc

Quote no.
000340555
Proposed effective date of policy
08/01/2019 - 08/01/2020

ERIE agent
AA8668
(610) 367-1100
www.body-borneman.com

Extensions and additional coverages

Extensions and additional coverages - Not additional limits:

Coverage	Deductible	Limits	Premium
Building ordinance or law - Undamaged part of the building* Collapse*		Bldg limit	Included
Equipment breakdown including TechAdvantage*		Bldg limit	Included
Equipment breakdown - Electronic data restoration*		Bldg and BPP limit	Included
Equipment breakdown - Expediting expenses*		\$50,000	Included
Equipment breakdown - Hazardous substances*		\$25,000	Included
Equipment breakdown - Off-premises equipment breakdown*		\$25,000	Included
Equipment breakdown - Off-premises utility properties failure*		\$25,000	Included
Equipment breakdown - Public relations*		\$5,000	Included
Equipment breakdown - Ammonia contamination		\$25,000	Included
Equipment breakdown - Refrigerated Property		BPP limit	Included
Equipment breakdown - Temperature change		BPP limit	Included
Exterior signs, lights and clocks*	\$100	\$5,000	Included
Fences, walks, and unattached outbuildings*		\$5,000	Included
Fire legal liability			Included
"Fungus", wet rot, dry rot and bacteria (not available in NY)*		\$25,000	Included
Host liquor liability			Included
Incidental medical malpractice			Included
Lawns*			Included
Merchandise in shipment*		\$2,500 per loss	Included
Moving clause*		BPP Limit	Included
Municipal supervisors		BPP Limit	Included
Non-owned watercraft (under 51 feet in length)			Included
Primary and non - contributory insurance			Included
Refrigerated property*			Included
Temperature change*		BPP Limit	Included
Trees, shrubs, and plants*		BPP Limit	Included
Volunteer workers - Medical payments		\$1,000 ea./\$10,000 per loss	Included
Waiver of subrogation			Included
Water damage*		Bldg limit	Included

Extensions and additional coverages - Additional limits:

Accounts receivable*	\$0	\$25,000	Included
Arson and theft reward (not available in NY)*	\$0	\$10,000	Included
Attorney's fees - For incident involving mobile equipment		\$100	Included
Building ordinance or law-Increased cost of construction*		\$25,000	Included
Check, credit, debit or charge card forgery or alteration*	\$200	\$5,000	Included
Collapse - Sinkhole fill-in expenses*		\$20,000	Included
Contingent business interruption*	\$0	\$25,000	Included
Counterfeit money*	\$50	\$1,000 per workday	Included
Debris removal*		5% of Bldg & BPP + \$25,000	Included
Demolition cost*	\$0	\$25,000	Included
Electronic data processing equipment - Computer virus*		\$10,000	Included
Electronic data reproduction - Expenses for reproduction or replacement*		\$25,000	Included
Employee dishonesty*	\$200	\$10,000	Included



Applicant
Keenan Honda
Keenan Auto Sales Inc

Quote no.
000340555
**Proposed effective date
of policy**
08/01/2019 - 08/01/2020

ERIE agent
AA8668
(610) 367-1100
www.body-borneman.com

Expenses for loss adjustment*	\$0	\$5,000	Included
Expenses for security*	\$0	\$2,500	Included
Fine arts*		\$25,000	Included
Fire department service charge*	\$0	All Reasonable Charges	Included
Fire extinguisher recharge*	\$0	All Reasonable Charges	Included
Heating and air conditioning equipment*		\$20,000	Included
Income protection- Computer operations*	\$0	\$25,000	Included
Income protection coverage & extra expense*	\$0	\$250/workday - \$25,000/loss	Included
Income protection off-premises - Utility properties failure*	24 Hour waiting period	\$25,000	Included
Key replacement*		\$5,000	Included
Laptop computers off-premises*		\$10,000	Included
Leasehold interest*		\$15,000	Included
Money and securities*	\$200	\$10,000	Included
Money and securities destruction*		\$10,000	Included
Newly acquired or constructed property - Buildings*		50% of Bldg (up to \$500,000)	Included
Newly acquired property - Additional income protection*		25% of Inc Protc (up to \$250,000)	Included
Newly acquired property - Business personal property*		25% of BPP (up to \$250,000)	Included
Non-owned detached trailers*		\$5,000	Included
Personal articles*		\$10,000	Included
Pollutants clean up and removal*		\$25,000	Included
Private structures & rental value - Dwellings*		10% of insured dwelling	Included
Property in danger*		BPP limit (up to 45 days)	Included
Temporarily off-premises - BPP and PPO*		\$25,000	Included
Temporarily off-premises - Salesmen's samples*		\$2,500	Included
Transportation*		\$25,000	Included
Transportation - Airborne property*		\$25,000	Included
Transportation - Tools & equipment*		\$1,000	Included
Valuable papers & records*	\$0	\$25,000	Included

* Coverage applies if building and/or business personal property and personal property of others exists. See "Property coverage part" for details.

UltraflexSM Auto Repair Shops Enhancements

In order to provide you with the best possible protection, ERIE® offers the Auto Repair Shops Enhancement. This special endorsement tailors the policy to meet the needs of auto repair shops. And because it's packaged in an all-in-one endorsement, we are able to offer it to you at a lower cost than purchasing individually. The policy deductible applies to coverages in the endorsement unless a separate deductible is noted.

Blanket Coverage

You have \$250,000 Blanket Coverage limit for use at the time of a covered loss for one or a combination of the following coverages:

- Accounts Receivable
- Business Personal Property—Temporarily Off-Premises
- Debris Removal
- Fine Arts
- Electronic Data—Expenses for Reproduction or Replacement
- Electronic Data Processing—Computer Virus
- Valuable Papers and Records
- Transportation

This blanket limit is over and above the limits provided for these individual coverages in the Extensions of Coverage contained in the UltraflexSM policy.

Additional Coverages

The following additional coverages are available for covered losses.¹

Building Coverage—Your building coverage is amended to include permanently installed canopy structures and pumps.

Computer Fraud—Provides up to \$10,000 for theft of money, securities, business personal property and business personal property of others caused by the fraudulent transfer of that property by computer.

Contract Penalty Coverage—Provides up to \$5,000 for contractual penalties that you are required to pay your customers resulting from failure to timely deliver products in accordance with a contract due to loss of such property.

Extra Expense—Pays up to \$10,000 over the \$25,000 provided in the policy for extra expenses you incur due to interruption of business resulting directly from a covered loss to your buildings, business personal property, or personal property of others. No deductible applies to this coverage. Maximum for any one loss is \$35,000.

Income Protection—Off—Premises Utility Properties Failure—The amount of insurance is increased from \$25,000 to \$50,000 for loss of income you sustain resulting from the interruption of services to your premises due to off-premises utility failure.

Merchandise—Deferred Payment—Provides up to \$5,000 for loss or damage caused by an insured peril to merchandise which you have sold under a conditional sale or trust agreement or any installment or deferred payment plan after delivery to buyers.

Outdoor Radio, Television Antennas and Satellite Dishes—Provides up to \$2,500 for loss or damage to outdoor radio and television antennas, satellite dishes, and their lead-in wiring, masts or towers caused by windstorm or hail at the insured premises.

Peak Season—Coverage for your business personal property and personal property of others will be increased 25% during a peak season.

Repair Shops Coverage—Provides coverage for parts, material, labor at retail price when the insured has to repair a customer's vehicle that was damaged while in the insured's care, custody, or control.

Sewer and Drain Back-Up—Provides up to \$5,000 for any one covered loss to covered property caused by water and sewage that backs up through sewers and drains. \$500 deductible applies.

Tools and Equipment Coverage—Provides up to \$10,000 for any one covered loss to tools and equipment located off premises belonging to you or your employees. It also amends the Business Personal Property and Personal Property of Others Coverage to include your tools on your premises.

This endorsement also increases covered provided for: **Check, Credit, Debit or Charge Card Forgery or Alteration Coverage** from \$5,000 to \$15,000. **Counterfeit Money Coverage** from \$1,000 to \$11,000. **Employee Dishonesty Coverage** from \$10,000 to \$25,000. **Medical Payments Coverage** from \$5,000 to \$10,000. **Utility Services—Direct Damage Coverage** adds \$25,000.

¹ Unless otherwise specified, property deductible applies.

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Erie
Insurance®

Above all in SERVICE—since 1925

Case ID: 201001696

CRIME LIMITS

Issuing Company: Travelers
Policy Term: 9/1/2019 - 9/1/2020

<u>Basis for Coverage</u>	<u>Limit</u>	<u>Deductible</u>
Employee Theft	\$500,000	\$5,000
Forgery or Alteration	\$100,000	\$5,000
Inside the Premises		
Theft of Money and Securities	\$100,000	\$5,000
Robbery or Burglary of Other Property		
Outside the Premises		
Money and Securities	\$100,000	\$5,000
Computer Fraud	\$100,000	\$5,000
Funds Transfer Fraud	\$100,000	\$5,000
Money Orders and Counterfeit Paper Currency	\$20,000	\$5,000

GENERAL LIABILITY LIMITS

Issuing Company: Erie Insurance Exchange
Policy Term: 9/1/2019 -9/1/2020

General Aggregate Limit See Garage Policy
Employee Benefits \$1,000,000

HAZARD SCHEDULE

Loc #	Bldg #	Class Code	Classification	Rating Basis	Annual Exposure
-------	--------	------------	----------------	--------------	-----------------

Subject to Audit

The proposed premium is based on the above estimates of annual exposures. This policy is subject to an Annual audit. A deposit premium will be collected at the time of inception. Adjustments in the premium will be done when the policy expires.

GARAGE DEALER LIABILITY LIMITS

Dealers Liability Coverage: \$1,000,000 Combined Single Limit
(No Aggregate on Policy)

Personal Injury and Property Damage \$5,000 Per Accident

General Liability Limit: \$1,000,000 Each Accident

First Party Benefits:

Medical Expense	\$10,000
Work Loss Benefits	\$1,000/\$1,000
Funeral Expense	\$1,500
Accidental Death	\$5,000

Uninsured Motorist (UM) \$35,000

Underinsured Motorist (UIM) \$35,000

2K prem - annual

Optional Coverages:

Broadened Garage Liability	Included
Broad Form Products	Included
Consumer Dissatisfaction Coverage	\$100,000/\$300,000
Dealers Insurance Agents Errors and Omissions	\$500,000
Dealers Repair Cost Coverage	Included
Employee Benefit Liability	\$1,000,000/\$2,000,000
False Pretense Coverage	\$300,000
Title Errors Omissions	\$300,000

GARAGE COVERAGE

Customer Owned Autos

Limit

Location 1:

Comprehensive Limit \$300,000 with \$1,000 Deductible Per Auto
\$5,000 Deductible Per Loss

Collision Limit \$300,000 with \$1,000 Deductible

Location 2:

Comprehensive Limit \$300,000 with \$1,000 Deductible Per Auto
\$5,000 Deductible Per Loss

Collision Limit \$300,000 with \$1,000 Deductible

Location 4:

Comprehensive Limit \$400,000 with \$1,000 Deductible Per Auto
\$5,000 Deductible Per Loss

Collision Limit \$400,000 with \$1,000 Deductible Per Auto

Garage Owned Autos: Limit

Location - Honda:

Comprehensive Limit \$14,000,000 With \$1,000 Deductible Per Auto
\$5,000 Deductible Per Loss
Collision Limit \$14,000,000 With \$1,000 Deductible Per Auto

Location – Merceds Benz:

Comprehensive Limit \$18,000,000 With \$5,000 Deductible Per Auto
\$25,000 Deductible Per Loss
Collision Limit \$18,000,000 With \$5,000 Deductible Per Auto

Dealer Owned Plates/Tags: 90 Plates/Tags

49 H
54 M

Full Garage Owned Inventory: \$32,000,000

? why this number.

Hail: \$1,000/\$5,000 Deductible, "Zero" Deductible
if Paintless Dent repair is utilized

Property Damage Deductible: \$2,500

UMBRELLA/EXCESS LIMITS

Issuing Company: Erie Insurance and Travelers
Policy Term: 9/1/2019 - 9/1/2020

Each Occurrence	\$20,000,000
Aggregate Limit	\$20,000,000

CURRENT UNDERLYING LIMITS

General Liability		
Each Occurrence	\$1,000,000	TBD
General Aggregate	\$2,000,000	9/1/2019-9/1/2020

Business Auto Liability		
Combined Single Limit	\$1,000,000	TBD 9/1/2019 – 9/1/2020

Employers Liability		
Each Accident	\$500,000	TBD
Policy Limit	\$500,000	
Each Employee	\$500,000	9/1/2019 – 9/1/2020

* *Erie First \$10,000,000 Layer*

* *Chubb Second 10,000,000 Layer*

Travelers Casualty and Surety Company of America
QUOTE OPTION #1

CRIME COVERAGES:

Crime Insuring Agreements	Single Loss Limit of Insurance	Single Loss Retention	Crime Insuring Agreements	Single Loss Limit of Insurance	Single Loss Retention
A - Fidelity			F - Computer Crime		
1. Employee Theft	\$500,000	\$5,000	1. Computer Fraud	\$100,000	\$5,000
2. ERISA Fidelity	\$500,000	\$0	2. Computer Program and Electronic Data Restoration Expense	\$100,000	\$5,000
3. Employee Theft of Client Property	\$50,000	\$5,000			
B - Forgery or Alteration	\$100,000	\$5,000	G - Funds Transfer Fraud	\$100,000	\$5,000
C - On Premises	\$50,000	\$5,000	H - Personal Accounts Protection		
			1. Personal Accounts Forgery or Alteration	\$100,000	\$5,000
D - In Transit	\$50,000	\$5,000	2. Identity Fraud Expense Reimbursement	Not Covered	
E - Money Orders and Counterfeit Money	\$20,000	\$5,000	I - Claim Expense	\$5,000	\$0

Insured's Premises Covered: Worldwide, except Not Applicable

TOTAL ANNUAL PREMIUM - \$6,425.00

(Other term options listed below, if available)

LIMIT DETAIL:

Shared Additional Defense Limit of Liability: N/A

Crime Policy Aggregate Limit of Insurance: N/A

PREMIUM DETAIL:

Term	Payment Type	Premium	Taxes	Surcharges	Total Premium	Total Term Premium
1 Year	Prepaid	\$6,425.00	\$0.00	\$0.00	\$6,425.00	\$6,425.00

POLICY FORMS APPLICABLE TO QUOTE OPTION # 1:

CRI-2001-0109 Crime Declarations Page

CRI-3001-0109 Crime Policy Form

ENDORSEMENTS APPLICABLE TO QUOTE OPTION # 1:

- ACF-7006-0511 Removal of Short-Rate Cancellation Endorsement
- CRI-19060-0713 Replace General Agreement E - Change of Control - Notice Requirements Endorsement
- CRI-19072-0315 Global Coverage Compliance Endorsement – Adding Financial Interest Coverage and Sanctions Condition and Amending Territory Condition
- CRI-19085-0516 Social Engineering Fraud Insuring Agreement Endorsement
- CRI-19097-0517 Replace Exclusion BB. Endorsement
- CRI-19101-1117 Amendatory Endorsement for Certain ERISA Considerations
- CRI-4018-0109 Pennsylvania Changes Endorsement
- CRI-5039-0613 Pennsylvania Cancellation or Termination Endorsement
- CRI-7021-0116 Client Property Coverage Endorsement
- CRI-7028-0109 Additional Insureds Endorsement



Travelers CyberRisk premium indication for KEENAN MERCEDES BENZ

WRAP+® AND EXECUTIVE CHOICE+®; INCLUDING ACCESS TO TRAVELERS eRISK HUB® POWERED BY NETDILIGENCE®

Agency Name: BODY-BORNEMAN ASSOC INC

Class of Business: Retail

Revenues: \$158,610,596

Liability Coverage	Limit*	Retention*
Privacy and Security	\$1,000,000	\$15,000
Media	\$1,000,000	\$15,000
Regulatory Proceedings	\$1,000,000	\$15,000

Breach Response Coverage		
Privacy Breach Notification	\$1,000,000	\$15,000
Computer and Legal Experts	\$1,000,000	\$15,000
Betterment	\$100,000	50 % coparticipation
Cyber Extortion	\$1,000,000	\$15,000
Data Restoration	\$1,000,000	\$15,000
Public Relations	\$1,000,000	\$15,000

Cyber Crime Coverage		
Computer Fraud	\$1,000,000	\$15,000
Fund Transfer Fraud	\$1,000,000	\$15,000
Social Engineering Fraud	\$100,000	\$5,000
Telecom Fraud	\$100,000	\$5,000

Business Loss Coverage		
Business Interruption	\$1,000,000	12 hours
System Failure	\$1,000,000	12 hours
Dependent Business Interruption	\$100,000	12 hours
Reputation Harm	\$250,000	\$5,000

Total aggregate limit* \$1,000,000

Total premium indication† \$13,900 - \$17,000



Click for
CyberRisk information



Click for applications
and policy information

Alternative limit and retention options available.
This indication is only a non-binding estimate of premium, and does not include any additional taxes, fees or other charges and is based on the information provided. It is neither a binding quotation, nor an offer of insurance. Receipt of an indication does not guarantee that an application will be accepted by Travelers in the event the insured applies for a quote. The ultimate premium payable may differ from the indication provided for a number of reasons, including the particular circumstances of the insured and the type and scope of coverage ultimately selected.
Not all policies or coverages are available in or for every jurisdiction.



Available through the Travelers Wrap+® and Executive Choice+® suite of products.

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Travelers Employment Practices Liability Premium Indication for

KEENAN AUTO SALES

WRAP+® INCLUDING ACCESS TO TRAVELERS RISK MANAGEMENT PLUS+ ONLINE®

Prepared for: BODY BORNEMAN

Indication Based on:

SIC Code Description: Car and Motorcycle Dealerships

Employees: 196 State: Pennsylvania

Liability Coverage*	Limit of Liability **	Retention
Employment Practices	\$2,000,000	\$10,000
Third Party Claim Coverage	\$2,000,000	\$10,000
Wage & Hour Law		
Defense Expense Endorsement	\$100,000	\$10,000

Premium Indication† \$16,800 - \$20,800



For a quote, click here, complete the application & send to your agent



For additional information, click here, for video, claim examples & coverage highlights

You make decisions every day that impact your employees:

hiring, compensation, promotions, accommodating disabilities, terminations and more. Each of these can lead to a claim for a wrongful employment practice if not handled correctly.

Even an organization with good human resources policies and procedures in place can be sued, and the cost of defending a claim can be enormous. It is not uncommon for legal fees associated with winning an employment lawsuit to exceed \$250,000.

Travelers Employment Practices coverage includes access to Risk Management Plus+ Online® at no additional cost to you.

* Limit, coverage and retention options may be available

** Third Party Claim Coverage and Wage & Hour Law Defense Expense limits are part of and not in addition to the Employment Practices Limit of Liability

† This indication is only an estimate of premium. It is neither a binding quotation, nor an offer of insurance. Receipt of an indication does not guarantee that an application will be accepted should you apply for a quote

Why you need protection

Employers, big and small, are subject to Federal, State and local laws regarding employment practices. Exposures leading to employment practice claims have increased over the years. This can be attributable to economic conditions, demographics and the ever evolving legal environment.

Coverage Highlights

Specifically designed to meet the needs of today's employers, Travelers employment practices liability offering combines broad coverage features, expert claims handling and state of the art employment practices Risk Management services.

Risk management service included at no additional cost

Risk Management Plus+ Online[®] is a flexible, loss prevention program specifically designed for Travelers Bond & Specialty Insurance customers and is available to you at no additional cost.

Highlights of *Risk Management Plus+ Online* services include:

- EPL Help Line: Access to an attorney at the Jackson Lewis law firm who specializes in employment law.** The Jackson Lewis firm has experience in workplace-related issues and operates over 50 regional offices with 740 attorneys located throughout the country.
- Web-based risk management training.
- Articles on current issues.
- Model policies and sample forms that address major risks associated with the workplace.

Why Travelers

- We've provided effective insurance solutions for more than 150 years and address the needs of a wide range of industries.
- We consistently receive high marks from independent ratings agencies for our financial strength and claims-paying ability.
- With offices nationwide, we possess national strength and local presence.
- Our dedicated underwriters and claim professionals offer extensive industry and product knowledge.

Travelers knows Employment Practices Liability Coverage.

To learn more talk with your independent agent or broker,
or visit travelers.com/management liability

**Assistance is not intended to replace your company's need to hire employment counsel to assist in making specific personnel decisions and in implementing policies and procedures. Assistance provided exclusively to EPL policy holders.

Available through the *Wrap+*[®] product suite.

TRAVELERS

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Case ID: 201001696

UMBRELLA/EXCESS LIMITS

Issuing Company: Erie Insurance and Travelers

Policy Term: 9/1/2019 - 9/1/2020

Each Occurrence \$20,000,000

Aggregate Limit \$20,000,000

CURRENT UNDERLYING LIMITS

General Liability

Each Occurrence	\$1,000,000	TBD
General Aggregate	\$2,000,000	9/1/2019-9/1/2020

Business Auto Liability

Combined Single Limit	\$1,000,000	TBD
		9/1/2019 – 9/1/2020

Employers Liability

Each Accident	\$500,000	TBD
Policy Limit	\$500,000	
Each Employee	\$500,000	9/1/2019 – 9/1/2020

* *Erie First \$10,000,000 Layer*

* *Chubb Second 10,000,000 Layer*

Exhibit “G”

42

Maureen Weiner

From: Kevin Post <kpost@keenanmotorgroup.com>
Sent: Friday, March 27, 2020 2:24 PM
To: 'Maureen Weiner'
Subject: Borneman

During our meetings on February 24th and February 27th I specifically asked questions about how we would be covered under the Business Interruption and Civil Authority components of our policy if the Corona virus (which at that time was causing Chinese businesses to close) would cause us to shut down. I asked these questions multiple times in each meeting. Based on the answers Brad Borneman provided to these questions during the meeting and in subsequent email correspondence, we increased our Business Income Interruption insurance and added the Civil Authority closure rider. I relied on the verbal and written statements from Brad Borneman when I made these decisions. He assured me this insurance would provide coverage if the government forced us to shut down due to the Corona virus.

Exhibit “H”

24

Michelle Wilson

From: Brad Borneman <baborneman@bodyborneman.com>
Sent: Tuesday, February 25, 2020 12:11 PM
To: 'Michelle Wilson'
Subject: RE: Keenan Motors Insurance Outline 2020-21

10:30 would work.
I will have all options over to you soon.
Business Interruption at 24 or 48 hr wait.
Additional 5 million Umbrella
Garage Keepers Limit at 3,000,000
Business Income additional 6 million
Uninsured/Underinsured Motorist at 100,000
EPLI at 3,000,000
Money outside/Transit 100,000

Let me know if I missed anything.
Thanks,

Bradley A. Borneman, CIC

President

Body-Borneman Associates, Inc.
17 East Philadelphia Avenue
PO Box 584
Boyertown, PA 19512

Office Phone: 610-367-1100 Extension 1124
Cell Phone: 610-781-7170
Email: baborneman@bodyborneman.com

From: Michelle Wilson <mwilson@keenanmotorgroup.com>
Sent: Tuesday, February 25, 2020 12:05 PM
To: Brad Borneman <baborneman@bodyborneman.com>
Subject: RE: Keenan Motors Insurance Outline 2020-21

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Good Morning,

Would 10:30 work for you?

I also have gone back to check a couple of things in the 2019-2020 Zurich policy – I see that the Time clause was for 72 hours but that Keenan Motor Group did opt to change to 24 hours – I know you are looking into seeing if 48 hour time frame is available but we would also like to know that 24 is definitely not available – Please look into what options we can choose from.

Any questions please let me know

Thanks
Michelle

From: Brad Borneman [<mailto:baborneman@bodyborneman.com>]
Sent: Tuesday, February 25, 2020 10:35 AM
To: 'Michelle Wilson'
Subject: RE: Keenan Motors Insurance Outline 2020-21

Michelle,
I am available on Thursday. Would the morning work? Maybe 9, 10 or 11??

Bradley A. Borneman, CIC

President

Body-Borneman Associates, Inc.
17 East Philadelphia Avenue
PO Box 584
Boyertown, PA 19512

Office Phone: 610-367-1100 Extension 1124
Cell Phone: 610-781-7170
Email: baborneman@bodyborneman.com

From: Michelle Wilson <mwilson@keenanmotorgroup.com>
Sent: Monday, February 24, 2020 4:29 PM
To: Brad Borneman <baborneman@bodyborneman.com>
Subject: RE: Keenan Motors Insurance Outline 2020-21

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Good Afternoon Brad,

I need to add one more item to the list of things that you are offering Keenan Motor Group options on.

Please show us the option if we increase Employment Practices Policy to \$3,000,000.

Kevin and Maureen would like to know your availability on Thursday to review with Jim Peruto all our options. They are all available all day Thursday, please let me know what would work for you.

Please feel free to reach out with any questions or concerns.

Have a nice evening,
Michelle

From: Brad Borneman [<mailto:baborneman@bodyborneman.com>]
Sent: Monday, February 24, 2020 10:19 AM
To: 'Michelle Wilson'
Subject: Keenan Motors Insurance Outline 2020-21

Michelle,

Attached is a copy of the Insurance Outline for our meeting at 1:30. I will bring bound copies with me.

Bradley A. Borneman, CIC

President

Body-Borneman Associates, Inc.

17 East Philadelphia Avenue

PO Box 584

Boyertown, PA 19512

Office Phone: 610-367-1100 Extension 1124

Cell Phone: 610-781-7170

Email: baborneman@bodyborneman.com

From: Canon IRA-6575i <scanuser@bodyborneman.com>

Sent: Monday, February 24, 2020 10:09 AM

To: Brad Borneman <baborneman@bodyborneman.com>

Subject: Attached Image

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Exhibit “I”

Michelle Wilson

26

From: Brad Borneman <baborneman@bodyborneman.com>
Sent: Tuesday, February 25, 2020 3:38 PM
To: 'Michelle Wilson'
Subject: FW: Keenan Motors Revisions
Attachments: 3831_001.pdf

— Brad to talk about

Well I got an answer on the Business Income. The 72 hour wait only applies to Civil Authority restrictions. Examples would be the State closes roads or businesses due to health concerns. Erie's coverage starts at day 1. I still need to add the off premises sub limit of 2,500,000.

We can discuss on Thursday.

Bradley A. Borneman, CIC

President

Body-Borneman Associates, Inc.
17 East Philadelphia Avenue
PO Box 584
Boyertown, PA 19512

Office Phone: 610-367-1100 Extension 1124
Cell Phone: 610-781-7170
Email: baborneman@bodyborneman.com

From: Brad Borneman
Sent: Tuesday, February 25, 2020 3:22 PM
To: 'Michelle Wilson' <mwilson@keenanmotorgroup.com>
Subject: Keenan Motors Revisions

Missing Pollution Liability

after looking @ Auto Sales + Incentive FI program
being included for Business Income \$6,000,000 needs to increase another \$2,500,000

2/25/2020 spoke to Brad adding \$2,500,000 would add \$360.

15,000,000
8,500,000 =
23,500,000

- ✓ Michelle,
- ✓ Attached are two revised quotes for the EPLI with changes to Money Outside/Transit and Computer Program Restoration Expense. (I have starred the changes)
- ✓ The first quote has the EPLI limits at 2,000,000 with the above changes. The additional premium is 1,223.
- ✓ The second quote has the EPLI limit at 3,000,000 but with a 25,000 deductible. The additional premium is another 735.

The other coverage options are as follows;

- ✓ Garage Keepers/Customers vehicles coverage increased to 3,000,000. Additional cost is 2,400
- ✓ Uninsured/Underinsured Motorist coverage increased to 100,000. Additional cost is 2,100
- ✓ Business Interruption/Business Income increase blanket limit by 6,000,000. Additional cost 1,310. Still at a 72 hour wait period deductible. I am waiting to hear about a 24 or 48 hour option.
- ✓ Off Premises Power failure Business Interruption I can get at a 24 hour wait period deductible with a sublimit of 2,500,000 for additional premium of 1,310.
- ✓ PLEASE NOTE. ERIE HAS AGREED TO ALL OF THE ABOVE CHANGES FOR AN ADDITIONAL 1,000 ONTO THEIR EXISTING PROPOSAL. NOT 7,120

✓ 6 to 8.5 add 360 = 1670.

- ✓ Additional Excess Umbrella limit of 5,000,000 to take us up to 25,000,000. Additional cost 4,500

Brad to talk about ✓

Last item is the clarification on the ADA symbol on your website. The Travelers Third party EPLI would pick up coverage for those legal issues.

Let me know if you have any other questions. Please let me know if you would probably want the above changes and I will revise my proposal to include all of them and forward over for Thursday's meeting.

Thanks,

Bradley A. Borneman, CIC

President

Body-Borneman Associates, Inc.
17 East Philadelphia Avenue
PO Box 584
Boyertown, PA 19512

Office Phone: 610-367-1100 Extension 1124

Cell Phone: 610-781-7170

Email: baborneman@bodyborneman.com

From: Canon IRA-6575i <scanuser@bodyborneman.com>

Sent: Tuesday, February 25, 2020 2:54 PM

To: Brad Borneman <baborneman@bodyborneman.com>

Subject: Attached Image

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Exhibit “J”

Michelle Wilson

From: Maureen Weiner <mweiner@keenanmotorgroup.com>
Sent: Friday, March 27, 2020 2:11 PM
To: 'Brad Borneman'
Cc: 'Jim Peruto'; 'Kevin Post'; 'Michelle Wilson'
Subject: REMINDER

Brad,

We still have not received copies of our policies and are anxious to review them. Also, we have never been invoiced for any policy premiums. We do not want to risk any denial of coverage due to a lack of payment of premium.

Thanks for your assistance with these matters.

Regards,

Maureen

Exhibit “K”



Mercedes-Benz

SPRINTER
METRIS

COLLISION
CENTER



Erie Insurance
100 Erie Insurance Place
Erie., PA 16530

April 1, 2020

To whom it may Concern,

Keenan Auto Sales, Inc., first named insured for Keenan Motor Group, requests that upon receipt of this letter, fax, and/or email, Erie needs to provide a full, complete and certified copy of the insurance policy bearing policy numbers Q390155563 and Q030181278, together with all declaration pages, addendum, exclusions, and exceptions.

Any questions and or concerns, please feel free to reach out to me, contact information below.

Sincerely,

Maureen Weiner
Controller
Keenan Motor Group
mweiner@keenanmotorgroup.com
Office 215-348-0800
Cell 215-534-3331

CC: Brad Borneman
Body-Borneman Associates, Inc.
17 East Philadelphia Avenue
Po Box 584
Boyertown, PA 19512

Exhibit “L”

Maureen Weiner

From: Maureen Weiner <mweiner@keenanmotorgroup.com>
Sent: Tuesday, March 17, 2020 4:31 PM
To: 'Brad Borneman'; 'Kevin Post'
Subject: RE: Claim: Auto Sales Deemed Non-Essential

Hello Brad,

Was just looking over my notes from our meetings and I noted that the Business Interruption coverage included a payroll component. What do you need from us for that calculation?
As this may be somewhat prolonged, I'd like to get everything needed to you as soon as possible or as soon as it is available.

Thanks,

Maureen

From: Brad Borneman <baborneman@bodyborneman.com>
Sent: Tuesday, March 17, 2020 2:26 PM
To: 'Kevin Post' <kpost@keenanmotorgroup.com>
Cc: 'Maureen Weiner' <mweiner@keenanmotorgroup.com>
Subject: RE: Claim: Auto Sales Deemed Non-Essential

Let me have the last 3 months of your financials. The "Reynolds type" reports you have . I will submit with the claim. Are you planning on keeping the Service operations open?
Will the sales department be closing today? Can you do on line sales/leases of autos remotely?

Bradley A. Borneman, CIC

President

Body-Borneman Associates, Inc.
17 East Philadelphia Avenue
PO Box 584
Boyertown, PA 19512

Office Phone: 610-367-1100 Extension 1124
Cell Phone: 610-781-7170
Email: baborneman@bodyborneman.com

From: Kevin Post <kpost@keenanmotorgroup.com>
Sent: Tuesday, March 17, 2020 2:17 PM
To: Brad Borneman <baborneman@bodyborneman.com>
Cc: 'Maureen Weiner' <mweiner@keenanmotorgroup.com>
Subject: Claim: Auto Sales Deemed Non-Essential
Importance: High

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Brad,

Governor Tom Wolf has deemed Auto Sales non-essential

(<https://www.inquirer.com/health/coronavirus/spl/pennsylvania-coronavirus-shutdown-statewide-governor-tom-wolf-20200316.html>):

He also clarified his definition of which commercial services and sectors fall into the essential category: food processing, agriculture, industrial manufacturing, feed mills, construction, trash collection, auto and home repair, post office and shipping outlets, insurance, banks, laundromats, veterinary clinics and pet stores, and hotels and commercial lodging.

By Civil Authority, it is now illegal for us to have our New and Used Sales Departments open at Keenan Honda and Keenan Motors. Please file the appropriate claim and let us know what information you need to quantify the amount of lost income for our business interruption claim. Please also confirm what will be covered in this loss. It is very important we have a timely answer to this claim.

Thank you for your help with this claim.

Kevin

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