

SAN LUIS OBISPO SUPERIOR COURT
BY J. Reavey
Reavey, Deputy Clerk

1 WILEY RAMEY, CA State Bar No. 45792
2 9520 Castillo Drive
3 San Simeon, California 93452
4 Telephone: (805) 924-3010
5 Facsmile: (805) 924-3011

6 Luther H. Beck, Jr., GA State Bar No. 046010 (*pending admission pro hac vice*)
7 BECK, ZWALD & ASSOCIATES, LLC
8 2711 Buford Highway
9 Buford, Georgia 30518
10 Telephone: (678) 765-8844
11 Facsimile: (678) 765-8841

12 Attorneys for Plaintiffs

13 **SUPERIOR COURT FOR THE STATE OF CALIFORNIA**
14 **COUNTY OF SAN LUIS OBISPO**

15 RAGGED POINT INN, A) CASE NO.
16 CALIFORNIA LIMITED)
17 PARTNERSHIP,) **COMPLAINT FOR**
18) **DECLARATORY RELIEF**
19 Plaintiff,)
20 vs.)
21 STATE NATIONAL INSURANCE)
22 COMPANY AND DOES 1-10,)
23 Defendant(s).)
24)
25)

26 Plaintiff Ragged Point Inn, LP, brings this Complaint, alleging against
27 Defendant State National Insurance Company as follows:
28

PARTIES

1
2 1. At all relevant times, Ragged Point Inn, LP, is a California Limited
3 Partnership, authorized to do business and doing business in the State of
4 California, in Southern Big Sur. Ragged Point Inn, LP, owns, operates, manages
5 and/or controls the resort Ragged Point Inn.
6

7
8 2. At all relevant times, Defendant State National Insurance Company is a
9 corporation doing business in Monterey County, State of California, subscribing to
10 Policy Number CMP003816-1 issued to Plaintiffs for the period of June 1, 2019
11 through June 1, 2020 through its agent Sure Product Insurance Agency. State
12 National Insurance Company is transacting the business of insurance in the state of
13 California and the basis of this suit arises out of such conduct.
14
15

16 3. The insurance coverage relevant to this Complaint is commonly referred
17 to as an all risk commercial property coverage obligating Plaintiff to pay a
18 premium which was paid in the sum of \$51,319.00 (fifty one thousand three
19 hundred and nineteen dollars). In exchange Plaintiff was to receive business
20 interruption insurance coverage among other coverages which also included
21 building, business personal property, and others including business interruption
22 insurance for all of which premiums were due and were paid. Plaintiff attaches
23 herewith and labels as “Exhibit 1A” a true and correct copy of the Policy issued by
24 Defendant State National Insurance Company and incorporates the Policy herein as
25 if fully set forth at this point.
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1 4. Plaintiff attaches herewith and incorporates herein as if fully set forth at
2 this point correspondence from the Governor directing Plaintiff to cease ordinary
3 business operations which included restaurant, sandwich stand, coffee bar, mini-
4 mart, gas station, gift shop, lobby and hotel, and special events, see "Exhibit 1"
5 incorporated herein as if fully set forth at this point. The Policy at issue was sold
6 to Plaintiff in Monterey County by the Sure Product Agency acting as Agent of
7 Defendant State National Insurance. The Complaint arises from a Contract
8 applicable to business property located in San Luis Obispo County commonly
9 known as Ragged Point Inn.
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13 JURISDICTION AND VENUE

14
15 5. This Court has subject matter jurisdiction over the matters alleged herein
16 in that the dispute which is the subject of this Complaint arises from a Contract
17 executed in the County of Monterey and the Plaintiff operates in the Southern Big
18 Sur area.
19

20 6. Venue is proper for the same reasons in this Court because the transaction
21 complained of took place, in whole or in part, within the venue of the Court.
22

23 FACTUAL BACKGROUND

24
25 7. On or about June 1, 2019, Defendant State National Insurance Company,
26 entered into a contract of insurance with the Plaintiff, whereby Plaintiff agreed to
27 pay Defendant State National Insurance Company a premium in exchange for
28 Defendant State National's promise to cover the plaintiff for losses including

1 business income interruption loss, building damage, business personal property
2 damage, and others. Property damage and others including civil authority related
3 damages.
4

5 8. The insured property includes a hotel, a gift shop, a sit-down restaurant, a
6 fast food service counter, a coffee bar, a mini-mart and a gasoline station, all of
7 which are owned, managed and controlled by Plaintiff.
8

9 9. The insured property is covered under a policy issued by State National
10 Companies, Inc., with policy number CMP003816-1 (the "policy").
11

12 10. The policy was in full effect as of March, 2020, April 2020, and May
13 2020, providing property, business personal property, business income and extra
14 expense, and additional coverages between the period of June 1, 2019 through
15 June 1, 2020 including civil authority related losses. The Plaintiff was obligated to
16 seize operations effective March 19, 2020 under Executive Orders issued by the
17 Governor due to the presence of Coronavirus and or Covid-19 in the State of
18 California. The Coronavirus consists of microscopic respiratory globules known
19 as aerosols which are known to attach to surfaces and are airborne as well. The
20 attachment to surfaces consist of a physical presence producing injury to surfaces
21 and property belonging to the Plaintiff consisting of door knobs and doors in the
22 hotel; check in desk surface at the hotel; door knobs at the lobby of the hotel; table
23 top surfaces at the restaurant; door knobs at the restaurant; chair arms at the
24 restaurant; bar top surface at the restaurant; display case surfaces at the minimart;
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1 door knobs at the mini mart; display case surfaces at the gift shop; and other
2 surfaces. The Coronavirus is an external force impacting the property of Plaintiff
3 physically and altering the surfaces requiring extra cleaning and is known to be
4 present for a period up to one month. The presence of the virus created an
5 unsatisfactory condition without repair for the future and caused a direct change to
6 the property in that the property could no longer be used safely which represents a
7 fortuitous event beyond the control of Plaintiff and therefore entitling Plaintiff to
8 damages for direct loss of income and damage to the property.
9

10
11
12 11. In addition to business income loss due to loss of and damage to property
13 Plaintiff is also entitled to coverage for civil authority related losses under the
14 provisions of the Policy. The civil authority related losses consist of loss of and
15 damage to property occurring elsewhere which in this instance occurred
16 throughout the motoring public and tourists otherwise visiting the Plaintiffs
17 property on vacation or otherwise given the widespread contamination which
18 impacted said persons and their vehicles.
19
20

21
22 12. Plaintiff was in fact required to shut down operations effective March
23 19, 2020 to employ extra cleaning to control and remove Coronavirus from its
24 property and Plaintiff was required to quarantine at least one employee who
25 became infected.
26

27 13. Defendant State National Insurance Company was to provide additional
28 coverages under business income interruption loss and extra expense in the event

1 of business closures such as the closure which occurred under the authority of the
2 Governor and Doe 1, the Relevant Public Health Officer. The San Luis Obispo
3 Order was issued following the issuance of the Executive Order from the Governor
4 dated March 19, 2020, a copy of which is also attached and labeled “Exhibit 2” and
5 incorporated herein as if fully set forth.
6

7
8 14. On or about March 29, 2020, a claim was presented to Defendant State
9 National Insurance Company for losses resulting from the closure and the claim
10 was denied effective April 2, 2020, by a letter received Plaintiff. The policy did
11 not contain a definition of direct physical loss or damage due to a covered cause of
12 loss.
13

14
15 15. The Policy of Insurance was to have covered “direct physical loss or
16 damage due to a covered cause of loss” and there were no applicable exclusions for
17 Government Restrictive Orders from the Public Health Office for so called Covid-
18
19 Virus illness.

20
21 16. Plaintiff is entitled to a Declaration from this Court of its rights to
22 coverage and the benefits of the policy it bargained for pursuant to *CCP §1060* in
23 that Plaintiff desires a Declaration of its rights with respect to Defendant State
24 National Insurance Company in that the loss of business suffered by Plaintiff is the
25 product of direct physical loss or damage by any definition of authorities relevant.
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1 17. The policy is an all-risk policy in that covered losses include losses
2 which are direct physical loss or direct physical damage attributed to the Covid-19
3 restrictions unless they are excluded, which they aren't.
4

5 18. Plaintiff alleges that the scientific consensus globally is that the Covid-
6 19 pandemic is a cause of real physical loss and real physical damage in the sense
7 that the virus is alleged to physically populate and adhere to surfaces for
8 undetermined periods of time which is a form of direct physical loss. Plaintiff is
9 reserving the right to further investigate the possibility of the extent of the virus
10 and will amend this Complaint upon discovery of further facts relative to the
11 presence of the virus.
12
13

14 19. Depending on the outcome of this proceeding it may well be that
15 Defendant State National Insurance Company and Doe 2, 3, and 4 accepted the
16 premium from Plaintiff with the pre-intention of denying coverage for business
17 interruption loss due to a loss or shut down from the virus pandemic. If this turns
18 out to be the case, Plaintiff will seek to amend this Complaint to allege bad faith
19 insurance practices within the meaning of the Insurance Code and authorities in
20 California. If established, Plaintiff would be entitled to not only actual damages
21 but also punitive damages as a result of Defendants bad faith and would be entitled
22 to attorneys fees pursuant to §3294 of the Civil Code.
23
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25

26 20. The policy does not exclude or limit loss caused by virus.
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1 21. California authority recognizes that Coronavirus and or Covid-19 is a
2 physical invasion by a substance that renders property functionally useless.

3 22. As a result of its losses resulting from the shutdown of plaintiff's
4 business operations, plaintiff presented a claim for compensation under its
5 Business Income and Extra Expense coverage provided in policy number
6 CMP003816-1.
7

8 23. On or about April 2, 2020, as indicated above, Defendant State National
9 Insurance Company, by and through Sure Products Insurance, as its Managing
10 General Agent and Claims Manager, denied plaintiff's claim, see "Exhibit 3"
11 attached hereto and incorporated herein by reference.
12

13 24. The standard Insurance Services Office (ISO) Business owners Special
14 Property Coverage Form, found in the instant business insurance policy, uses the
15 phrase "direct physical loss *of or damage to property* at the described premises."
16 (Emphasis added.) California precedent supports a construction of the policy that
17 the use of the phrase "physical loss of" in the disjunctive before the word "or" is
18 sufficient to trigger coverage where the damage consists of an injury that reduces
19 the value of the properties usefulness in that the presence of a virus on physical
20 surfaces and Plaintiffs property is a distinct tangible alteration of the surfaces on
21 which the virus attaches.
22

23 25. A declaratory judgment determining that the coverage exists under the
24 policy will prevent the Plaintiff from being left without vital coverage acquired to
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1 ensure the survival of its business in the face of the shutdown caused by the global
2 corona virus pandemic. As a result of the Order, plaintiff has incurred, and
3 continues to incur, a substantial loss of business income and additional expenses
4 covered under the policy.
5

6 **FIRST CAUSE OF ACTION**

7 **FOR DECLARATORY RELIEF**

8
9 26. Plaintiff re-alleges and incorporates by reference into this cause of action
10 each and every allegation set forth in each and every paragraph of this Complaint.
11

12 27. Under the California Code of Civil Procedure, section 1060 *et seq.*, the
13 Court may declare rights, status, and other legal relations whether or not further
14 relief is or could be claimed.
15

16 28. An actual controversy has arisen between Plaintiff and State National
17 Insurance Company and Does 2, 3, 4 and 5 as to the rights, duties, responsibilities,
18 and obligations of the parties in that Plaintiff contends and State National
19 Companies, Inc., disputes and denies that: (1) the Order by the Governor, in his
20 official capacity, constitutes a prohibition of access to plaintiff's insured premises;
21 (2) the prohibition of access qualifies as business interruption damage; (3) the
22 Order triggers coverage because the policy does not include an exclusion for a viral
23 pandemic; (4) the policy provides coverage to Plaintiff due to physical loss or
24 damage from the Coronavirus and the policy provides business income coverage in
25 the event that Coronavirus has caused a loss or damage at the insured premises or
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1 immediate area of the insured premises. Resolution of the duties, responsibilities,
2 and obligations of the parties is necessary as no adequate remedy at law exists and
3 a declaration of the Court is needed to resolve the dispute and controversy.
4

5 29. Plaintiff has provided Defendant State National Insurance Company with
6 the option of pursuing arbitration on December 11, 2020, but Defendant has
7 waived arbitration, see “Exhibit 4” included herein by reference.
8

9 30. Plaintiff further seeks a Declaratory Judgment to affirm that the Order
10 triggers coverage because the policy does not include an exclusion for a viral
11 pandemic.
12

13 **SECOND CAUSE OF ACTION**

14 31. Plaintiff repeats and repleads herewith each and every allegation of the
15 foregoing paragraphs of this Complaint.
16

17 32. On May 19, 2020, an additional restriction was issued by the County of
18 San Luis Obispo consisting of an Order limiting the Plaintiffs short term lodging
19 occupancy to no more than 50% per day. A copy of that Order is attached
20 herewith and labeled “Exhibit 5”. As a result of the Order Plaintiff suffered
21 additional interruption damages in that Plaintiffs hotel was limited to 50%
22 occupancy through the period of May 19, 2020 through June 1, 2020 which was
23 still covered. The Order limiting occupancy was again a direct result of the Covid-
24 19 virus and constitutes a loss by physical damage or loss within the meaning of
25 the business interruption provisions of the policy.
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THIRD CAUSE OF ACTION

33. Plaintiff repeats and repleads each and every allegation of the foregoing paragraphs of this Complaint.

34. Commencing March 19, 2020 Plaintiff is entitled to a Declaration that losses related to Civil Authority Orders are covered by the Policy and that direct physical loss and or damage occurred elsewhere within the terms and definitions of the Policy. These events occurring elsewhere consisted of infected tourists, motorists, and customers arriving or arriving everyday on Highway 1 and patronizing the Plaintiff bringing with them what would have been infections of their persons and contamination of their vehicles with the same type of surfaces mentioned in the Complaint.

PRAYER FOR RELIEF

FOR FIRST CAUSE OF ACTION

WHEREFORE, Plaintiff prays as follows for First Cause of Action:

- 1) For a declaration that the Order by the Governor, in his official capacity, constitutes a prohibition of access to plaintiff's insured premises.
- 2) A lack of access to the premises belonging to Plaintiff constitutes a direct loss or damage providing for insurance coverage under the business interruption portion of the policy.
- 3) For a declaration that the Order triggers coverage because the policy does not include an exclusion for a viral pandemic;

1 4) *CCP §1060* provides this Court with jurisdiction to resolve the actual
2 controversy in the form of declaratory relief.

3 5) For such other and further relief and the Court may deem proper.
4

5 **PRAYER FOR RELIEF**

6 **FOR SECOND CAUSE OF ACTION**

7
8 WHEREFORE, Plaintiff prays as follows for Second Cause of Action:

9 6) For a declaration that the Order by the Governor and relevant Public
10 Health Officer, in his/her official capacity, constitutes a prohibition of
11 access to plaintiff's insured premises.
12

13 7) A lack of access to the premises belonging to Plaintiff constitutes a direct
14 loss or damage providing for insurance coverage under the business
15 interruption portion of the policy. That Civil Authority coverage is
16 triggered by the phrase elsewhere which includes tourists, motorists, and
17 vehicles contaminated or infected.
18

19 8) For a declaration that the Order triggers coverage because the policy does
20 not include an exclusion for a viral pandemic;
21

22 9) *CCP §1060* provides this Court with jurisdiction to resolve the actual
23 controversy in the form of declaratory relief.
24

25 10) For such other and further relief and the Court may deem proper.
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PRAYER FOR RELIEF

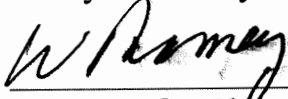
FOR THIRD CAUSE OF ACTION

WHEREFORE, Plaintiff prays as follows for Third Cause of Action:

- 11) For a declaration that the Order by the Governor and relevant Public Health Officer, in his/her official capacity, constitutes a prohibition of access to plaintiff's insured premises.
- 12) A lack of access to the premises belonging to Plaintiff constitutes a direct loss or damage providing for insurance coverage under the business interruption portion of the policy.
- 13) For a declaration that the Order triggers coverage because the policy does not include an exclusion for a viral pandemic;
- 14) *CCP §1060* provides this Court with jurisdiction to resolve the actual controversy in the form of declaratory relief.
- 15) For such other and further relief and the Court may deem proper.
- 16) That Civil Authority coverage is triggered by the phrase elsewhere which includes tourists, motorists, and vehicles contaminated or infected.

DATED: *May 25, 2021*

Wiley P. Ramey



Attorney for Plaintiff

“EXHIBIT 1”

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-33-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS in a short period of time, COVID-19 has rapidly spread throughout California, necessitating updated and more stringent guidance from federal, state, and local public health officials; and

WHEREAS for the preservation of public health and safety throughout the entire State of California, I find it necessary for all Californians to heed the State public health directives from the Department of Public Health.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567, 8627, and 8665 do hereby issue the following Order to become effective immediately:

IT IS HEREBY ORDERED THAT:

- 1) To preserve the public health and safety, and to ensure the healthcare delivery system is capable of serving all, and prioritizing those at the highest risk and vulnerability, all residents are directed to immediately heed the current State public health directives, which I ordered the Department of Public Health to develop for the current statewide status of COVID-19. Those directives are consistent with the March 19, 2020, Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, found at: <https://covid19.ca.gov/>. Those directives follow:

ORDER OF THE STATE PUBLIC HEALTH OFFICER
March 19, 2020

To protect public health, I as State Public Health Officer and Director of the California Department of Public Health order all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors, as outlined at <https://www.cisa.gov/identifying-critical-infrastructure-during-covid-19>. In addition, and in consultation with the Director of the Governor's Office of Emergency Services, I may designate additional sectors as critical in order to protect the health and well-being of all Californians.

Pursuant to the authority under the Health and Safety Code 120125, 120140, 131080, 120130(c), 120135, 120145, 120175 and 120150, this order is to go into effect immediately and shall stay in effect until further notice.

The federal government has identified 16 critical infrastructure sectors whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that their incapacitation or

destruction would have a debilitating effect on security, economic security, public health or safety, or any combination thereof. I order that Californians working in these 16 critical infrastructure sectors may continue their work because of the importance of these sectors to Californians' health and well-being.

This Order is being issued to protect the public health of Californians. The California Department of Public Health looks to establish consistency across the state in order to ensure that we mitigate the impact of COVID-19. Our goal is simple, we want to bend the curve, and disrupt the spread of the virus.

The supply chain must continue, and Californians must have access to such necessities as food, prescriptions, and health care. When people need to leave their homes or places of residence, whether to obtain or perform the functions above, or to otherwise facilitate authorized necessary activities, they should at all times practice social distancing.

- 2) The healthcare delivery system shall prioritize services to serving those who are the sickest and shall prioritize resources, including personal protective equipment, for the providers providing direct care to them.
- 3) The Office of Emergency Services is directed to take necessary steps to ensure compliance with this Order.
- 4) This Order shall be enforceable pursuant to California law, including, but not limited to, Government Code section 8665.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have
hereunto set my hand and caused
the Great Seal of the State of
California to be affixed this 19th day
of March 2020.


GAVIN NEWSOM
Governor of California

ATTEST:



ALEX PADILLA
Secretary of State



“EXHIBIT 1A”

State National Insurance Company

P.O. BOX 24622

CMP003816-1

New Policy

Fort Worth, TX 76124-1622

Decl. 001

This declaration is effective 06/01/2019

Term is from 06/01/2019 to 06/01/2020

All dates are as of 12:01 A.M. Standard Time at the insured's address

I N L A N D M A R I N E C O V E R A G E S

LOC	BLD	COVERAGE	LIMIT	DEDUCTIBLE
001	001	Data Processing - Equipment	22,000	500
		* Data	0	Incl.
		* Media	0	Incl.
		* Extra Expense	0	Incl.
		* Business Income	0	Incl.
		* Equipment in Transit	0	Incl.
		* Data and Media in Transit	0	Incl.
001	001	Signs	5,000	500

State National Insurance Company

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C R I M E C O V E R A G E S

LOC	BLD	COVERAGE	LIMIT	DEDUCTIBLE
001	001	Guest Personal Property		
		* Premises Coverage Form		
		* Limit per guest	1,000	250
		* Aggregate Limit	25,000	
001	001	Money And Securities		
		* Inside Premises Limit	5,000	250
ANY	ANY	Money and Securities		
		* Outside Premises Limit	5,000	250
ANY	ANY	Employee Dishonesty	50,000	500
ANY	ANY	Forgery	50,000	500

State National Insurance Company

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F O R M S

FORM	DESCRIPTION
SPTRIA(0104)	Terrorism Risk Insurance Act of 2002 Disclosure
CP0010(1091)	Building and Personal Property Form
CP0090(0788)	Commercial Property Conditions
CP0299(1185)	Cancellation Changes
CP1039(0788)	Sprinkler Leakage - Earthquake Extension
IL0017(1185)	Common Policy Declarations
IL0021(1185)	Nuclear Liability Exclusion
IL0270(0300)	California Changes - Cancellation and Non-Renewal
IL0935(0898)	Exclusion of Certain Computer-Related Losses
IL0950(1102)	Coverage For Certified Acts of Terrorism
CP0015(1091)	Glass Coverage Form
CP0030(1091)	Business Income Coverage Form with Extra Expense
CP1030(1091)	Cause of Loss - Special
CP1218(1091)	Loss Payable Provisions
SP0041(0104)	Package Broadening Plus Form
SP0225(0712)	Extended Replacement Cost Endorsement
SP7007(0104)	Protective Safeguards
CG0001(1188)	Commercial General Liability Form - Occurrence
CG0033(1188)	Liquor Liability Coverage Form - Occurrence
CG2134(0187)	Designated Work Exclusion
CG2144(1185)	Limitation of Coverage to Designated Premises or Project
CG2147(0989)	Employment Related Practices Exclusion
CG2149(1188)	Total Pollution Exclusion
CG2162(0998)	Exclusion - Year 2000 Computer-Related Problems
CG2170(1102)	Cap On Losses From Certified Acts of Terrorism
SP1061(0104)	Absolute Asbestos Exclusion
SP1069(0104)	Absolute Lead Exclusion
SP7001(0104)	Additional Exclusion (Cross Suits)
SP7002(0104)	Arbitration Agreement
SP7003(0104)	Other Insurance
SP7004(0104)	Prior or Pending Damage Exclusion
SP7017(0104)	Mold, Fungus or Microbial Contamination Exclusion
SP7020(0206)	Employee Benefits Liability Coverage
CM0001(1091)	Commercial Inland Marine Conditions Form
CM0028(0790)	Signs Coverage Form
SP1731(0104)	Electronic Data & Processing (Mini-Computer Plan)

State National Insurance Company

P.O. BOX 24622

CMP003816-1

New Policy

Fort Worth, TX 76124-1622

Decl. 001

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F O R M S

FORM	DESCRIPTION
CR0001(0186)	Employee Dishonesty - Blanket
CR0003(0186)	Forgery or Alteration
CR0004(1090)	Theft, Disappearance and Destruction
CR0005(1090)	Robbery and Safe Burglary Coverage Form D
CR0013(1090)	Liability for Guests' Property - Premises Coverage
CR1000(1090)	Crime General Provisions
CR1535(0788)	Include as Covered Property or Limit Covered Property to M&S
CR3001(0186)	Includes Fire Damage
SP0102(0104)	Manuscript Endorsement

State National Insurance Company

P.O. BOX 24622

CMP003816-1

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A D D I T I O N A L I N T E R E S T S

INTEREST	NAME	FORM
Loss Payee For All locs All risks	Cisco Systems Capital Corp P. O. Box 5000 Johnston, IA 50131 Loan #: 25387172	CP1218(1091)
First Mortgagee For All locs All risks	Wells Fargo Bank Natl Assoc Attn: Records Mgmt/MACC7300-033 1740 Broadway Denver, CO 80274 Loan #: 7217084338	CP0010(1091)
First Mortgagee For All locs All risks	Community West Bank P. O. Box 249 Goleta, CA 93116 Loan #: 102749	CP0010(1091)

IMPORTANT DISCLOSURE NOTICE

We are making the following informational disclosures in compliance with the Terrorism Risk Insurance Act of 2002. No action is required on your part.

Disclosure of Terrorism Premium

The premium charge for risk of loss resulting from acts of terrorism (as defined in the Act) under the policy is **\$ INCLUDED**. This amount is reflected in the total premium for the policy.

Disclosure of Availability of Coverage for Terrorism Losses

As required by the Terrorism Risk Insurance Act of 2002, coverage for losses resulting from acts of terrorism (as defined in the Act) with the terms, amounts, and limitations that do not differ materially as those for losses arising from events other than acts of terrorism.

Disclosure of Federal Share of Insurance Company's Terrorism Losses

The Terrorism Risk Insurance Act of 2002 establishes a mechanism by which the United States government will share in insurance company losses resulting from acts of terrorism (as defined in the Act) after an insurance company has paid losses in excess of an annual aggregate deductible. For 2002, the insurance company deductible is 1% of direct earned premium in the prior year; for 2003, 7% of direct earned premium in the prior year; for 2004, 10% of direct earned premium in the prior year; and for 2005, 15% of direct earned premium in the prior year. The federal share of an insurance company's losses above its deductible is 90%. In the event the United States government participates in losses, the United States government may direct insurance companies to collect a terrorism surcharge from policyholders. The Act does not currently provide for insurance industry or United States government participation in terrorism losses that exceed \$100 billion in any one calendar year.

Definition of Act of Terrorism

The Terrorism Risk Insurance Act defines "act of terrorism" as any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:

1. to be an act of terrorism;
2. to be a violent act or an act that is dangerous to human life, property or infrastructure;
3. to have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income taxes is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest 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.

But, no act shall be certified by the Secretary as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers compensation) or property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.

These disclosures are informational only and do not modify the policy or affect your rights under the policy.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H DEFINITIONS.

A. COVERAGE

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

1. Covered Property

Covered Property, as used in this Coverage Part, means the following types of property for which a Limit of Insurance is shown in the Declarations:

- a. **Building**, meaning the building or structure described in the Declarations, including:
 - (1) Completed additions;
 - (2) Permanently installed:
 - (a) Fixtures;
 - (b) Machinery; and
 - (c) Equipment;
 - (3) Outdoor fixtures;
 - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.
- b. **Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property Separation of Coverage form:
 - (1) Furniture and fixtures;
 - (2) Machinery and equipment;
 - (3) "Stock";
 - (4) All other personal property owned by you and used in your business;
 - (5) Labor, materials or services furnished or arranged by you on personal property of others;
 - (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
 - (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

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

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

2. Property Not Covered

Covered Property does not include:

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

- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;

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

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

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (c) Rowboats or canoes out of water at the described premises;
- p. The following property while outside of buildings:
 - (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

- (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

- (3) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

b. Preservation of Property

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 10 days after the property is first moved.

c. Fire Department Service Charge

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

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up and Removal

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

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

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

5. Coverage Extensions

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

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

a. Newly Acquired or Constructed Property

- (1) You may extend the insurance that applies to Building to apply to:

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

The most we will pay for loss or damage under this Extension is 25% of the Limit of Insurance for Building shown in the Declarations, but not more than \$250,000 at each building.

- (2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is 10% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$100,000 at each building.

- (3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:
- (a) This policy expires.
 - (b) 30 days expire after you acquire or begin to construct the property; or
 - (c) You report values to us.

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

b. Personal Effects and Property of Others

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

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

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

c. Valuable Papers and Records Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$1,000 at each described premises.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock," that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- (1) In or on a vehicle;
- (2) In the care, custody or control of your salespersons; or
- (3) At any fair or exhibition.

The most we will pay for loss or damage under this Extension is \$5,000.

e. Outdoor Property

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

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

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant.

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

B. EXCLUSIONS

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

C. LIMITS OF INSURANCE

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

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

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

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

1. Preservation of Property; or
2. Debris Removal; but if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance condition or the Agreed Value Optional Coverage.

E. LOSS CONDITIONS

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

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

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

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

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

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

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
- (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.

d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

f. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:

(1) You have complied with all of the terms of this Coverage Part; and

(2)(a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

5. Recovered Property

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

6. Vacancy

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

a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(1) Vandalism;

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

(3) Building glass breakage;

(4) Water damage;

(5) Theft; or

(6) Attempted theft.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

Buildings under construction are not considered vacant.

7. Valuation

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

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

This provision does not apply to the following even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
 - d. Glass at the cost of replacement with safety glazing material if required by law.
 - e. Tenant's Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

- f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

- (1) Blank materials for reproducing the records; and
- (2) Labor to transcribe or copy the records when there is a duplicate.

F. ADDITIONAL CONDITIONS

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

1. Coinsurance

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

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

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

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

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

Example No. 1 (Underinsurance):

When:

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

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Co-insurance requirements)

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

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

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

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

Example No. 2 (Adequate Insurance):

When:

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

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Co-insurance requirements)

Step (2): $\$200,000 - \$200,000 = 1.00$

Step (3): $\$ 40,000 \times 1.00 = \$ 40,000$

Step (4): $\$ 40,000 - \$250 = \$ 39,750$

We will cover the \$39,750 loss in excess of the Deductible. No penalty applies.

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

Example No. 3:

When:

The value of property is:	
Bldg. at Location No. 1	\$75,000
Bldg. at Location No. 2	\$100,000
Personal Property at Location No. 2	<u>\$75,000</u>
	\$250,000

The Coinsurance percentage for it is 90%

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

The Deductible is \$1,000

The amount of loss is:
Bldg. at Location No. 2 \$30,000

Personal Property at Location No. 2. \$20,000
\$50,000

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

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

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

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

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

2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

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

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

e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

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

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

f. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

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

G. OPTIONAL COVERAGES

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

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:

The applicable Limit of Insurance is	\$100,000
The annual percentage increase is	8%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is	
$\$100,000 \times .08 \times 146 \div 365 =$	$\$3,200$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Property of others;
 - (2) Contents of a residence;
 - (3) Manuscripts;
 - (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (5) "Stock," unless the Including "Stock" option is shown in the Declarations.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

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

- (1) Until the lost or damaged property is actually repaired or replaced; and
- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

e. We will not pay more for loss or damage on a replacement cost basis than the least of:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace, on the same premises, the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

H. DEFINITIONS

- 1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, re-conditioned or reclaimed.
- 2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following is added to the CANCELLATION Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least 5 days before the effective date of cancellation.

- A. The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
1. Seasonal unoccupancy;
 2. Buildings in the course of construction, renovation or addition; or
 3. Buildings to which the Vacancy Permit endorsement applies.

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

- B. After damage by a covered cause of loss, permanent repairs to the building:
1. Have not started, and
 2. Have not been contracted for,
- within 30 days of initial payment of loss.

C. The building has:

1. An outstanding order to vacate;
2. An outstanding demolition order;
3. Been declared unsafe by governmental authority.

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

E. Failure to:

1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPRINKLER LEAKAGE EARTHQUAKE EXTENSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS BASIC FORM
CAUSES OF LOSS BROAD FORM
CAUSES OF LOSS SPECIAL FORM
STANDARD PROPERTY POLICY

The following is added to COVERED CAUSES OF LOSS:

SPRINKLER LEAKAGE EARTHQUAKE EXTENSION, meaning Sprinkler Leakage loss or damage caused by:

1. Earthquake; or
2. Volcanic eruption, explosion or effusion.

COMMON POLICY CONDITIONS

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

A. CANCELLATION

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

B. CHANGES

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

C. EXAMINATION OF YOUR BOOKS AND RECORDS

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

D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. 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 perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

E. PREMIUMS

The first Named Insured shown in the Declarations:

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

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
TRANSPORTATION

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage:"

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

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

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material," if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste " at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured;" or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility," but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties;

"Nuclear material" means "source material," "Special nuclear material" or "by-product material;"

"Source material," "special nuclear material," and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

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

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility."

"Nuclear facility" means:

- (a) Any "nuclear reactor;"
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel," or (3) handling, processing or packaging "waste;"

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

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

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

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:
 - (1) Nonpayment of premium; or
 - (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
 - (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
 - (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
 - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
 - (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
 - (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
 - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for a reason listed in Paragraph 3.a.(1) or 3.a.(2); or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

B. The following provision is added to the Cancellation Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

- Businessowners Policy
- Commercial Property Coverage Part
- Farm Coverage Part Farm Property Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
- b. We may not cancel this policy solely because the first Named Insured has:
 - (1) Accepted an offer of earthquake coverage; or
 - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This Restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - (1) Businessowners Policy Businessowners Special Property Coverage Form;
 - (2) Commercial Property Coverage Part Causes Of Loss Special Form; or
 - (3) Farm Coverage Part Causes Of Loss Form Farm Property, Paragraph D. Covered Causes Of Loss Special.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

- 1. Subject to the provisions of Paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Businessowners Policy

Commercial Property Coverage Part

Farm Coverage Part Farm Property Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below:

b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

(1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

(2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

(3) We have:

(a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

(b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.

d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This Restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Businessowners Policy Businessowners Special Property Coverage Form;

(2) Commercial Property Coverage Part Causes Of Loss Special Form; or

(3) Farm Coverage Part Causes Of Loss Form Farm Property, Paragraph D. Covered Causes Of Loss Special.

3. We are not required to send notice of nonrenewal in the following situations:

a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.

b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.

c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.

e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL CRIME COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 STANDARD PROPERTY POLICY

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE FOR CERTIFIED ACTS OF TERRORISM; CAP ON LOSSES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYEE THEFT AND FORGERY POLICY
FARM COVERAGE PART
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY
STANDARD PROPERTY POLICY

A. Amendment

Any exclusion of terrorism in this Coverage Part or Policy, or attached to such Coverage Part or Policy by endorsement, is hereby amended to the effect that such exclusion does not apply to a "certified act of terrorism".

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in aggregate losses in excess of \$5 million; 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 acting on behalf of any foreign person or foreign interest, 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.

Further, the aforementioned exclusion does not apply to an act which meets the criteria set forth in Paragraph 2. of the definition of "certified act of terrorism", when such act resulted in aggregate losses !"# \$ million or less.

B.

Cap On Certified Terrorism Losses

With respect to any one or more "certified acts of terrorism" under the federal Terrorism Risk Insurance Act of 2002, we will not pay any amounts for which we are not responsible under the terms ! " that Act (including subsequent action of Congress pursuant to the Act) due to the application ! " any clause which results in a cap on our liability for payments for terrorism losses.

C. Application Of Other Exclusions

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

GLASS COVERAGE FORM

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

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

A. COVERAGE

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

1. Covered Property

Covered Property, as used in this Coverage Part, means the following type of property:

Glass, as described in the Declarations or the Glass Coverage Schedule, including lettering and ornamentation that is also described.

2. Covered Causes Of Loss

- a. Breakage Of Glass.
- b. Chemicals accidentally or maliciously applied to glass.

3. Additional Coverages

a. Debris Removal

We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss.

b. Temporary Plates

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

c. Frames

We will pay for the necessary repair or replacement of the frames immediately encasing the damaged glass.

d. Removal of Obstructions

We will pay for expenses incurred to remove or replace obstructions when repairing or replacing the Covered Property. This does not include removing or replacing window displays.

4. Coverage Extension

Newly Acquired Glass

- a. You may extend the insurance that applies to your Covered Property to apply to:

- (1) Additional or changed glass that is the same type as described in the Declarations or the Glass Coverage Schedule:

- (a) At the described premises; or
- (b) At any location you acquire ownership or control of; and

- (2) Lettering and ornamentation if it is specifically included for the same type of glass described in the Declarations or the Glass Coverage Schedule.

- b. Insurance under this Extension for newly acquired glass will end when any of the following first occurs:

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

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

B. EXCLUSIONS

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

1. Fire

2. Nuclear Hazard

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

3. War And Military Action

- 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.

C. LIMITS OF INSURANCE

If a Limit of Insurance is shown for Glass in the Declarations or the Glass Coverage Schedule, the most we will pay for loss or damage to the glass in any one occurrence is the applicable Limit of Insurance.

Payments under the Additional Coverages are in addition to the Limits of Insurance, if any.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Glass Deductible shown in the Declarations or in the Glass Coverage Schedule. We will then pay the amount of loss or damage in excess of the Glass Deductible, up to the applicable Limit of Insurance, if any.

E. LOSS CONDITIONS

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

1. Duties In The Event Of Loss Or Damage

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

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

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

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

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

2. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the actual value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
 - (1) You have complied with all of the terms of this Coverage Part; and
 - (2)(a) We have reached agreement with you on the amount of loss; or
 - (b) An appraisal award has been made.

3. Vacancy

We will not pay for any loss or damage if the building where loss or damage occurs has been vacant for more than 60 consecutive days before the loss or damage.

This condition does not apply if an additional premium for Coverage for Vacant Buildings is shown in the Declarations or the Glass Coverage Schedule.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

4. Valuation

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

- a. At actual cash value as of the time of loss or damage, except as provided in b. below.
- b. At the minimum cost of replacement with safety glazing material required by the enforcement of applicable statutes, ordinances or building codes.

F. OPTIONAL COVERAGE

If shown in the Declarations or the Glass Coverage Schedule, the following Optional Coverage applies separately to each item.

Loss Payment For Large Plates

In the event of loss or damage to Covered Property with a surface area of 100 square feet or more, at our option we may:

1. Replace the property with 2 or more glass plates with a combined surface area equal to the surface area of the described glass. The number of replacement plates will not exceed the number shown in the Declarations or the Glass Coverage Schedule for this Optional Coverage.
2. Pay you for the value of 2 smaller plates with a combined surface area equal to the surface area of the described glass. We will also pay the expense of alterations needed to install the smaller plates.

BUSINESS INCOME COVERAGE FORM

(AND EXTRA EXPENSE)

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 G DEFINITIONS.

A. COVERAGE

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

- (i) Business Income including "Rental Value."
- (ii) Business Income other than "Rental Value."
- (iii) "Rental Value."

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

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

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss of or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

1. Business Income

Business Income means the:

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

2. Covered Causes Of Loss

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

3. Additional Coverages

a. Extra Expense.

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

- (1) We will pay any Extra Expense to avoid or minimize the suspension of business and to continue "operations":
 - (a) At the described premises; or
 - (b) At replacement premises or at temporary locations, including:
 - (i) Relocation expenses; and
 - (ii) Costs to equip and operate the replacement or temporary locations.
- (2) We will pay any Extra Expense to minimize the suspension of business if you cannot continue "operations."
- (3) We will pay any Extra Expense to:
 - (a) Repair or replace any property; or
 - (b) Research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

b. **Civil Authority.** We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. This coverage will apply for a period of up to two consecutive weeks from the date of that action.

c. **Alterations and New Buildings.** We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

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

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

d. **Extended Business Income.** We will pay for the actual loss of Business Income you incur during the period that:

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

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

4. Coverage Extension

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

Newly Acquired Locations

- a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is 10% of the Limit of Insurance for Business Income shown in the Declarations, but not more than \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

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

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

B. EXCLUSIONS

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

C. LIMITS OF INSURANCE

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

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

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

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

D. LOSS CONDITIONS

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

1. Appraisal

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

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

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

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

2. Duties In The Event Of Loss

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

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

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

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

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

3. Limitation Electronic Media And Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

This limitation does not apply to Extra Expense.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 September 1. Loss during the period September 2 October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 September 29 (60 consecutive days). Loss during the period September 30 October 15 is not covered.

4. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no loss or damage occurred;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

- (a) The salvage value that remains of any property bought for temporary use during the "period of restoration," once "operations" are resumed; and
- (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

- (2) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

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

5. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

- a. You have complied with all of the terms of this Coverage Part; and
- b. (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

E. ADDITIONAL CONDITION

Coinsurance

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

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

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

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

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

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

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

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$400,000

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

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

Step 2: $\$150,000 \div \$200,000 = .75$

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

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

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the, described premises would have been \$400,000

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

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

Step 2: $\$200,000 \div \$200,000 = 1.00$

Step 3: $\$ 80,000 \times 1.00 = \$80,000$

We will cover the \$80,000 loss. No penalty applies.

This condition does not apply to the Extra Expense Additional Coverage.

F. OPTIONAL COVERAGES

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

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income is the lesser of:
 - (1) The amount of loss sustained during the 120 days immediately following the direct physical loss or damage; or
 - (2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

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

Example:

When: The Limit of Insurance is \$120,000
 The fraction shown in the Declarations for this Optional Coverage is 1/4

The most we will pay for loss in each period of 30 consecutive days is:
 $\$120,000 \times 1/4 = \$30,000$

If, in this example, the actual amount of loss is:

Days	1-30	\$40,000	
Days	31-60	20,000	
Days	61-90	<u>30,000</u>	
		\$90,000	

We will pay:

Days	1-30	\$30,000	
Days	31-60	20,000	
Days	61-90	<u>30,000</u>	
		\$80,000	

The remaining \$10,000 is not covered.

3. Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be made a part of this policy and must show financial data for your "operations":

- (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
- (2) An Agreed Value must be shown in the Declarations or on the Work Sheet. The Agreed Value should be at least equal to:
- (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and Operating Expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

Example:

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

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

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

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

4. Extended Period Of Indemnity

Under paragraph A.3.d., Extended Business Income, the number "30" in subparagraph (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

G. DEFINITIONS

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

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

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

2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.
3. "Period of Restoration" means the period of time that:
 - a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

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

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

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

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means the:
 - a. Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, and
 - b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
 - c. Fair rental value of any portion of the described premises which is occupied by you.

CAUSES OF LOSS SPECIAL FORM

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

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
 2. Limited in Section C., Limitations;
- that follow.

B. EXCLUSIONS

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

a. Ordinance or Law

The enforcement of any ordinance or law:

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

b. Earth Movement

- (1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.
- (2) Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, we will pay for that resulting loss or damage.

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

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

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Off-Premises Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;

- (3) Water that backs up from a sewer or drain; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if loss or damage by fire results, we will pay for that resulting loss or damage.
 - b. Delay, loss of use or loss of market.
 - c. Smoke, vapor or gas from agricultural smudging or industrial operations.
 - d. (1) Wear and tear;
 - (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Insects, birds, rodents or other animals;
 - (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision;
 - (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage.

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

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, except as provided below in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the described premises, we will pay for that resulting loss or damage.

- I. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified causes of loss."
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;

of part or all of any property on or off the described premises.
4. **Special Exclusions**
- The following provisions apply only to the specified Coverage Forms.
- a. **Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form**

We will not pay for:

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

This exclusion does not apply to Extra Expense.
 - (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring, masts or towers.
 - (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."
 - (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration."
 - (5) Any other consequential loss.
 - b. **Leasehold Interest Coverage Form**
 - (1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.
 - (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.
 - c. **Legal Liability Coverage Form**
 - (1) The following Exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph B.1.a., Ordinance or Law;
 - (b) Paragraph B.1.c., Governmental Action;
 - (c) Paragraph B.1.d., Nuclear Hazard;
 - (d) Paragraph B.1.e., Power Failure; and
 - (e) Paragraph B.1.f., War and Military Action.

(2) Contractual Liability

We will not defend any claim or "suit," or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.

(3) Nuclear Hazard

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

C. LIMITATIONS

1. We will not pay for loss of or damage to:

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, unless held for sale by you, caused by or resulting from theft, except as provided in C.5.a. below.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

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

2. We will not pay more for loss of or damage to glass that is part of a building or structure than \$100 for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter. We will not pay more than \$500 for all loss of or damage to building glass that occurs at any one time.

This Limitation does not apply to loss or damage by the "specified causes of loss," except vandalism.

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

- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
- b. Animals, and then only if they are killed or their destruction is made necessary.
- c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
- d. Builders' machinery, tools, and equipment you own or that are entrusted to you, while away from the premises described in the Declarations, except as provided in paragraph C.5.b. below.

4. For loss or damage by theft, the following types of property are covered only up to the limits shown:

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

- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

5. Builders' Risk Coverage Form Limitations

The following provisions apply only to the Builders' Risk Coverage Form.

- a. Limitation 1.d. is replaced by the following:
 - d. Building materials and supplies not attached as part of the building or structure caused by or resulting from theft.
- b. Limitation 3.d. is replaced by the following:
 - d. Builders' machinery, tools and equipment you own or that are entrusted to you.

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

D. ADDITIONAL COVERAGE COLLAPSE

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- 1. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
- 2. Hidden decay;
- 3. Hidden insect or vermin damage;
- 4. Weight of people or personal property;
- 5. Weight of rain that collects on a roof;
- 6. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

We will not pay for loss or damage to the following types of property, if otherwise covered in this Coverage Part, under items 2., 3., 4., 5. and 6. unless the loss or damage is a direct result of the collapse of a building:

outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings, gutters and downspouts; yard fixtures; outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

- 1. **Property In Transit.** This Extension applies only to your personal property to which this form applies.
 - a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
 - b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
 - c. The most we will pay for loss or damage under this Extension is \$1000.

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

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

F. DEFINITIONS

"Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
2. Falling objects does not include loss or damage to:
 - a. Personal property in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Prem. No.	Bldg. No.	Description of Property	Provisions Applicable		Loss Payee (Name & Address)
			Loss Payable	Lender's Loss Payable Contract Of Sale	

A. When this endorsement is attached to the STANDARD PROPERTY POLICY CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.

The following is added to the LOSS PAYMENT Loss Condition, as indicated in the Declarations or by an "X" in the Schedule:

B. LOSS PAYABLE

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and

2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

C. LENDER'S LOSS PAYABLE

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
 2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.
- All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

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

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

D. CONTRACT OF SALE

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear:
3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

PACKAGE BROADENING PLUS FORM

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

Throughout this endorsement the words you, and Your refer to the Named Insured shown in the Policy Declarations. The words we, us and our refer to the Company providing this insurance.

I. COVERAGE:

We will pay for direct physical loss of or damage to Covered Property described in this Form caused by or resulting from any covered loss, unless the loss is excluded in Section V, Exclusions and Limitations or elsewhere in this form.

<u>SCHEDULE</u>	<u>LIMIT OF INSURANCE</u>
A. Account Receivable	\$ 25,000
B. Valuable Papers	\$ 25,000 (on premises) \$1,000 (off premises)
C. Extra Expense	\$ 25,000
D. Property Off Premises (including transportation)	\$ 10,000
E. Property of Others	\$ 25,000
F. Fine Arts	\$ 25,000
G. Commercial Tools and Small Equipment	\$ 5,000
H. Signs	\$ 2,500
I. Glass	\$ 1,000 (\$250 per plate)
J. Money and Securities	\$ 2,500
K. Employee Dishonesty	\$ 5,000
L. Refrigerated Goods Spoilage	\$ 10,000
M. Building Ordinance (per premise)	\$250,000
N. Electronic Data Processing	\$ 25,000
O. Water Damage	\$ 10,000
P. Water Backup	\$ 10,000

This coverage is an addition to coverage provided elsewhere in the policy.

II. DEDUCTIBLE:

Each loss shall be adjusted separately, and from the amount of such adjusted loss, the sum of \$500 (unless otherwise indicated) shall be deducted

Optional Deductible \$ _____. Exceptions, if any, to the application of the optional deductible amount Valuable Papers off Premises, Signs, Glass, Money and Securities

III. CONDITIONS:

- A. When not in conflict with the provisions of this Form, all of the conditions of the policy to which this Form is attached shall apply.
- B. If any of the property covered by this form is also covered under any other provisions of the policy of which this form is made a part, you, in the event of loss or damage, may elect to make claim:
 1. under such other provisions in which case none of the provisions of this form are applicable, or
 2. under the provisions of this form in which case coverage as provided by this form becomes sole coverage on such property.
- C. Valuation. Where not otherwise indicated on this form, we shall not pay beyond the actual cash value of the property at the time any loss or damage occurs, and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation and shall in no event exceed what it would cost to repair or replace the same with material of like kind and quality.
- D. The total amount payable in any one occurrence shall not exceed the Limit of Insurance specified on the schedule of this form, regardless of the number of locations insured.

IV. COVERED PROPERTY:

- A. Accounts Receivable
 1. Covers all sums due from your customers, provided that you are unable to collect as the direct result of loss of or damage to records of Accounts Receivable;
 2. Covers interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss of damage;
 3. Covers collection expense in excess of normal collection costs and made necessary because of such loss or damage;
 4. Covers other expenses, when reasonably incurred by you in re-establishing records of accounts receivable following such loss or damage;
 5. Coverage shall apply only while records of accounts receivable are contained at the premises described in the Declarations, as a condition precedent to any right of recovery hereunder that such records shall be kept in a fire resistive receptacle at all times when the premises are not open for business, except while such records are in actual use or are being removed to a place of safety because of imminent danger of loss or damage and while being returned from such place.
 6. Recoveries: After payment of loss all amounts recovered by you on accounts receivable for which you have been indemnified shall belong and be paid to us; but all recoveries in excess of the amount we have paid to you shall belong to you.
 7. Determination of Receivables; Deductions: When there is proof that a loss covered by this
 - a. The monthly average of accounts receivable represented by you and forming part of this policy
 - b. The monthly amount of accounts receivable thus established shall be further adjusted in accounts receivable within the fiscal month involved.But in no event shall we pay for more than the maximum monthly amount of accounts receivable represented by you and forming part of this policy, after adjustment to correspond with the trend in average monthly gross sales of goods and services, nor for more than the Limit of Insurance provided herein.

There shall be deducted from the total amounts of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by you, and an amount to allow for probable bad debts which would normally have been uncollectible by you. All unearned interest and services charges shall be deducted.

B. Valuable Papers

1. Covers cost or research and other expenses necessarily incurred to reproduce, replace or restore written, printed or otherwise inscribed documents and records, including books, maps, drawings, abstracts, deeds, mortgages and manuscripts, card index system and other business records, including film, tape, wire or other recording media, that is your property.
2. Coverage shall apply only while valuable papers and records are contained at the premises described in the Declarations, it being a condition precedent to any right of recovery hereunder that such records shall be kept in fire resistive receptacle at all times when the premises are not open for business, except while such valuable papers and records are in actual use or are being removed to a place of safety because of imminent danger of loss or damage and while being returned from such place.
3. Valuable Papers and Records does not mean money or securities.

C. Extra Expense

1. Covers the necessary extra expense incurred by you in order to continue as nearly as practicable the normal operations of your business immediately following damage by a cause of loss not otherwise excluded under this form to the buildings or personal property situated at the premises described in the Declarations.
2. Extra expense means the excess of the total cost incurred during the period of restoration chargeable in the operations of your business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations shall be taken into consideration in the adjustment of any loss hereunder.
3. "Period of restoration" means that period of time commencing with the date of damage and not limited by the date of expiration of this policy, as would be required with the exercise of due diligence and dispatch to repair, rebuild, or replace such part of said buildings or personal property as have been damaged.

Coverage under this form does not include:

- a. loss of income.
- b. any extra expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration.
- c. any other consequential or remote loss.

D. Property Off Premises

1. Covers your property or property of others for which you are responsible or may be liable (excluding money and securities, and property in the care, custody, or control of salespeople) while such property is in due course of transit or otherwise temporarily away from the premises described in the Declarations.
2. You agree to keep a true record of all shipments of your property and others for which you are responsible. Such records shall be open to inspection by our representative at all times during business hours.
3. Valuation. Property shipped shall be valued at the invoice amount at the time of shipment.
4. This coverage does not apply to property that is more specifically described in other coverages of this form.

E. Property of Others

1. Covers property of others that you are responsible for while at the premises described in the Declarations for the purpose of display, sale, work or otherwise in your care or custody.
2. Loss, if any, at our option, may be adjusted with and paid to you for account of whom it may concern, or with and paid directly to, the owner of the property to whom you are responsible.

F. Fine Arts

1. Covers antiques and objects d'art of every nature and description which is your property or the property of others for which you may be liable, while on the premises described in the Declarations or while at exhibition or otherwise, in your custody.
2. Valuation. We shall not pay for more than the agreed value of property which is yours as indicated on sales slip or appraisal, nor, in the event of property of others, for more than the value agreed upon or admitted by you prior to loss, otherwise, at actual cash value.
3. Packing. You agree that the property insured hereunder shall be packed and unpacked by competent and experienced people.
4. Exhibition. Coverage is not provided on the premises of any National or International Exposition unless such premises are specially described in an endorsement adding this form.

G. Commercial Tools and Small Equipment

Covers tools (limit \$500 per tool but not more than \$1,000 per tool box) or small equipment usual to your business, which is your property or the property of others for which you are responsible and in your care, custody or control. This coverage excludes automobiles, motor trucks, tractors, trailers, motorcycles or similar conveyances licensed for highway use, aircraft, or watercraft.

H. Signs

Covers any signs while on your premises that are your property or the property of others for which you may be liable.

I. Glass

1. Covers damage to glass at the premises described in the Declarations which is part of or attached to your building and to the lettering and ornamentation thereon, by breakage of the glass or by chemicals accidentally or maliciously applied.
2. We will pay for:
 - a. repairing or replacing frames immediately encasing and contiguous to such glass when necessary because of such damage.
 - b. installing temporary plates in or boarding up openings containing such glass when necessary because of unavoidable delay in repairing or replacing such damaged glass;
 - c. removing or replacing any obstructions, other than window displays when necessary in replacing such damaged glass, lettering or ornamentation.
3. We will pay no more than \$1,000 in the aggregate for an damage covered under 1 and 2 above which is the result of a single occurrence.

J. Money and Securities

1. Covers money and securities used in the conduct of your operations subject to the following conditions:
 - a. On Premises: While in or on the premises described in the Declarations, or within a bank or savings institution; and
 - b. Off Premises: while enroute to or from such described premise, bank or savings institution or within the living quarters of the custodian of such funds.
2. You shall keep records of all properly in such manner that we can accurately determine them from the amount of loss.

3. The most we will pay for loss or damage in any one occurrence in the applicable Limit of Insurance shown on this endorsement but not more than:
 - a. what it would cost at the time of loss to replace the property with other of like kind and quality; or
 - b. the actual cash value thereof at the time of loss, provided, however, at your option, payment of the cost of replacing securities may be determined by the market value at the time of such settlement.
4. Money" means currency, coin, bank notes and bullion; and travelers checks, register checks and money orders held for sale to the public.
5. Securities means all negotiable and non negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include money.
6. Dishonesty or fraudulent acts of any employee acting alone or in collusion with others is excluded under Money and Securities coverage.

K. Employee Dishonesty

1. Covers for loss of money, securities and other business personal property by dishonest or fraudulent acts of your employees subject to the following conditions:
 - a. the most we will pay for loss in any one occurrence is the applicable Limits of Insurance shown on this form but not more than the replacement cost thereof at the time of loss, provided, however, at your option, payment of the cost of replacing securities may be determined by the market value at the time of such settlement;
 - b. coverage does not apply to any employee immediately upon discovery by you or any of your partners or officers of any dishonest or fraudulent act committed by that employee.
 - c. dishonest or fraudulent acts or a series of similar or related acts of any employee acting alone or in collusion with others during the policy period shall be deemed to be one occurrence for the purpose of applying the deductible and the Limit of Insurance.
 - d. loss is covered only if discovered not later than one year from the end of the policy period, and then the insurance shall apply only to loss sustained during the policy period;
 - e. if more than one insured is covered under this policy, the most we will pay shall not exceed the amount for which we would pay if there was only one insured;
 - f. regardless of the number of years this policy shall continue in force, the Limit of Insurance shown in the Form shall not be cumulative from year to year.
2. Loss under Prior Bond or Policy: We agree that this coverage applies to loss which would have been recoverable by you or by any predecessor in your interest under a prior bond or policy, except for the fact that the time within which to discover loss thereunder has expired; provided:
 - a. coverage is substituted for the prior bond or insurance policy at the time the policy is terminated, cancelled or allowed to expire;
 - b. the insurance under this condition shall not increase the Limit of Insurance under Employee Dishonesty Coverage;
 - c. such loss would have been covered under this coverage had this coverage subject to all its conditions and limitations at the time of such substitution, been in force when the acts or events causing such loss occurred; and
 - d. recovery under this coverage shall not exceed the smaller of the following:
 - (1) the amount which would have been recoverable under such prior bond or insurance policy had such prior bond or policy continued in force until the discovery of such loss; or
 - (2) the amount which would have been recoverable under this optional coverage had this coverage been in force when such acts or events were committed.

L. Refrigerated Goods Spoilage

1. Covers direct loss or damage from spoilage to refrigerated and frozen goods located on your premises.

2. Property not covered:

- a. refrigerated or frozen goods stored in vehicles,
- b. damage to any refrigeration or heating unit including mechanical parts, gas pipes or lines, motors, glass, etc.

M. Building Ordinance or Law Coverage

If a Covered Cause of Loss occurs to covered Building property, we will pay:

1. For loss or damage caused by enforcement of any ordinance or law that
 - a. requires the demolition of parts of the property not damaged by a Covered Cause of Loss;
 - b. regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - c. is in force at the time of loss.
2. The increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.
3. The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of the building, zoning or land use ordinance or law.

N. Electronic Data Processing

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

1. We will cover computer equipment that you own, lease, rent or property of others for which you are legally responsible. Computer Equipment includes a network of computer hardware and components used in the transmitting or processing of information. We will also include air conditioning and fire protection equipment used solely in your computer operations.
2. We separately cover Data and Media that you own, lease, rent or that is property of others for which you are legally responsible. Data means facts, programs, or instructions used in the processing operation. This includes program support material if in data form. Media means items on which data is recorded, such as disk packs, magnetic tapes, and punch cards.
3. Extra Expense Coverage
We will cover extra expense that you incur as a result of covered loss necessary to continue your computer operations. Extra expense means any expense that exceeds the normal operating costs of your computer operations, subject to the following:
 - a. the expense is needed to continue normal operations;
 - b. the expense is caused by damage or loss to covered property, or the building in which your computer operations are located; and
 - c. the loss or damage restricts or prevents you from continuing normal operations.

4. Business Income Coverage

We will pay for loss of business income as a result of loss or damage caused by a covered cause of loss to covered property, or to the building where your computer operations are located. Business income means net income before taxes, including payroll and normal operating expenses that you would have incurred if no loss had occurred. We will also pay for the following:

- a. Any extra expense that you incur to reduce the amount of business income loss, or to reduce the time to return to the same level of operations before the loss, to the extent that the extra expenses reduce the business income loss.
- b. Loss of income as a result of loss or damage to media that is in transit.
- c. Loss of income that would be directly attributable to prototypes and project research including written, printed, or otherwise documented plans and records associated with prototype projects and developmental operations.

5. Equipment Loss Conditions

- a. We will adjust a covered loss based on the coverage limits and deductibles shown on the declarations page, and the replacement cost value of the lost or damaged items. We will pay the total cost to repair or replace the damaged property without deduction for depreciation.

However, we will not pay more than the smallest of the following:

1. The actual cost to repair or replace the lost or damaged property with new property of the same kind, quality, and capability.
2. The limit of coverage shown in the declarations for the damaged property.

6. Data and Media Loss Conditions

- a. If data is lost or damaged from a covered cause of loss, we will pay the actual cost to reproduce the data, up to the limit of coverage, if you actually reproduce the data. We will also pay any reasonable additional expense that you may incur in reproducing the data to continue your declarations page. If shown, we will pay for each article lost.
- b. Media items that are lost or damaged will be covered for actual cost to repair or replace with similar like, kind, and quality, up to the limit shown on the declarations page. Data and Media deductible is included in the equipment deductible.

7. Extra Expense Loss Conditions

We will pay for the necessary extra expenses you incur from the date the loss or damage happens, for as long as it takes you to reasonably repair or replace lost or damaged computer equipment, data, or media, or the building where your computer operations are located. Extra expense does not include any expenses you would normally have incurred had no loss happened. We will pay for extra expenses up to the limit shown on the declarations, but we will not pay more than the actual extra expenses you incur.

8. Business Income Loss Conditions

What we will pay for Business Income by covered loss to property depends on the deductible shown on the declarations page, and whether your computer operation is completely suspended or partially suspended as a result of a covered cause of loss.

- a. Deductible Provision - We will deduct that amount from our loss payment.

O. Water Damage, Other Liquids, Powder or Molten Material Damage Repairs

1. If loss or damage is caused by or results from water damage, sprinkler leakage or a covered cause of loss resulting from other liquids, powder or molten material damage, then we will also pay the cost to tear out and replace any part of the building at covered building locations that need to be torn out and replaced in order to repair damage to the system or appliance from which the water or over substance escapes.

P. Water Back Up

1. We will pay for loss or damage to covered property at a described premises caused by or resulting from water from a non-existing body of water, that backs up from sewer or drain.

V. Exclusions and Limitation:

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

- A. Due to delay, loss of market, or loss of use;
- B. Occasioned by gradual deterioration, moths, vermin or inherent vice;
- C. Caused by, or resulting from, strikes, lockouts, labor disturbances, or the acts of any person or persons taking part in any such occurrence or disorder;
- D. From any unexplained loss, mysterious disappearance or shortage disclosed on taking inventory;
- E. To any property outside of the continental United States and Canada;
- F. Due to:
 - 1. bookkeeping, accounting or billing errors or omissions, or loss directly resulting from errors or omissions in processing or copying unless fire or explosion ensues and then only for direct loss caused by such ensuing fire or explosion;
 - 2. electrical or magnetic injury, disturbance or erasure or electronic processing or recordings, except within 1000 feet of your building;
- G. Due to any fraudulent, dishonest or criminal act by you, any partner, or otherwise any of officer, or director or trustee thereof while working or otherwise and whether acting alone or in collusion with others;
- H. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, devise or false pretense.
- I. Loss caused by, resulting from, contributed to or aggravated by any of the following:
 - 1. earth movement, including but not limited to earthquake, volcanic eruption, landslide, mud flow, earth sinking, earth rising or sinking;
 - 2. flood, surface water, waves, tidal water, or tidal wave, overflow of streams of other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
 - 3. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors;
 - 4. explosion, rupture or bursting of water pipes, steam boilers, steam pipes, steam turbines or steam engines, unless fire or explosion as insured against ensues, and then we shall be liable for only loss caused by the ensuing fire or explosion;

1. and 2. does not apply to Accounts Receivable, Valuable Papers, Property off Premises and Commercial Tools, Small Equipment and Computer Equipment;
- J. With regard to Property Off Premises:
 - 1. on shipment which have been refused or which are returned by the consignee thereof;
 - 2. on any shipments by the United States Postal Service;
- K. With regard to Property of Others:
 - 1. to property insured which has been in your custody for a period in excess of six (6) months except as may be otherwise specifically provided;
 - 2. to motor vehicles;
- L. With regard to Fine Arts: sustained due to and resulting from any repairing, restoration or retouching process;
- M. With regard to Commercial Tools and Small Equipment:
 - 1. caused by the weight load exceeding the rated lifting or support capacity of any machine;
 - 2. to any boom or extension thereof, unless caused by fire, lightning, hail, windstorm, riot, riot attending a strike, civil commotion, aircraft, collision from other vehicles, landslides or upset of the unit of which it is a part;
 - 3. to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by electricity other than lightning unless fire or explosion ensues and then only for loss or damage from ensuing fire or explosion;
 - 4. to tires or tubes, unless the loss or damage is caused by fire, windstorm, theft, vandalism, malicious mischief or is coincident with other loss or damage insured by this policy;

5. caused by any repair, adjusting, servicing, remodeling or maintenance process unless fire or explosion ensues, then only for the loss caused by such ensuing fire or explosion, and in regards loss resulting from structural, mechanical or electrical breakdown or failure, to exclude the cost and expenses of repairing any defective part;
6. to any property while underground, airborne, or water borne, except on regular ferry lines;

N. With regard to Money and Securities: due to

1. the giving or surrendering of money and securities in any exchange or purchase or
2. accounting or arithmetical errors or omissions;

O. With regard to Refrigerated Goods Spoilage coverage:

1. the disconnecting of any refrigeration units from the source of electrical power or terminating of electrical power caused by throwing or turning off any switch or other device (on premises) usual to the shutting off of electrical current or electrical power;
2. the ability of an electric utility company or other source of electric power to provide sufficient power due to government order, lack of fuel, or insufficiently installed generated capacity to meet demand;
4. insufficient fuel or complete lack of fuel used in the normal operation of the heating unit;

P. War and Military Action

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

Q. Nuclear Hazard

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

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

Nothing herein contained shall be held to vary, waive or extend any of the terms, conditions, agreement or limitations of the Policy other than as above stated. This form must be attached to a change Endorsement when issued after the policy is written.

R. With regard to Water Damage:

1. We will not pay the cost to repair any defect that caused the loss or damage; except for damaged parts of fire extinguishing equipment if the damage:
 - a. results in sprinkler leakage; or
 - b. is directly caused by freezing.

S. With regard to Building Ordinance:

1. We will not pay under this endorsement for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of Pollutants.
2. We will not pay for increased construction costs under this endorsement:
 - a. Until the property is actually repaired or replaced, at the same premises or elsewhere; and
 - b. Unless the repairs or replacements are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.
3. We will not pay more:
 - a. If the property is repaired or replaced on the same premises, than the amount you actually spend to:
 - (1) Demolish and clear the site; and
 - (2) Repair, rebuild or construct the property but not for more than property of the same height, floor area and style on the same premises.

- b. If the property is not repaired or replaced on the same premises, than:
 - (1) The amount you actually spend to demolish and clear the site of the described premises: and
 - (2) The cost to replace, on the same premises, the damaged or destroyed property with other property;
 - (a) Of comparable material and quality;
 - (b) Of the same height, floor area and style; and
 - (c) Used for the same purpose.

- c. For all loss or damage in any occurrence that the Limit of Insurance applicable to the covered building property.

- T. We will not cover any increase in loss caused by suspension, lapse, or cancellation of any lease, contract, license or order, before or after a covered loss.

- U. With regard to Electronic Data Processing:
 - We will not cover the following property:
 - 1. Data or media that cannot be replaced with items of the same kind or quality. We will cover such items if specific values and description is shown on the declarations.
 - 2. The following documents or material except if they are converted to data form, and then only for reproduction in data form:
 - a. Accounts, bills, evidence of debt;
 - b. Valuable papers, records, abstracts, deeds or manuscripts;
 - c. Program support documentation, such as flowcharts, narrative descriptions, records or backup materials.
 - 3. We will not cover loss caused by repair, service, or actual work performed on covered property. We will cover loss to covered property caused by a covered cause of loss if the loss occurs while repair, service, or work is being performed.
 - 4. We will not cover loss caused by errors in design or faulty materials. However, we will pay for resultant damage to covered equipment, data or media by a covered cause of loss which results from errors in design or use of faulty materials
 - 5. We will not cover loss under Extra Expense or Business Income Coverage caused by programming errors or incorrect instructions or data to a data processing system. This exclusion will not apply to losses caused by computer virus, computer hackers, logic bombs, worms, Trojan horses, or other destructive software. If the declarations page has a specific limit shown for Computer Virus Reduced Coverage Amount, the limit shown is the most we will pay for this coverage.
 - 6. We will not cover Extra Expense or Business Income loss caused by loss or damage to accounts, bills, manuscripts, valuable abstracts, deeds, or documents. This exclusion will not apply if these items are converted to data form.
 - 7. We will not cover the cost of research to reproduce data due to lack of backup, support documentation or records.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED REPLACEMENT COST ENDORSEMENT COVERED BUILDING PROPERTY

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP0010

With respects to buildings to which this endorsement applies:

The following is added to Section C. Limits of Insurance:

C. LIMITS OF INSURANCE

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

1. If the building is insured on a Replacement Cost basis including Agreed Amount; and
2. If the cost to repair or replace the building at the time of the loss is greater than the scheduled limit of insurance in the Declarations for this building; and
3. If you repair or rebuild the building on a replacement cost basis as soon as reasonably possible after the loss or damage in accordance with E. LOSS CONDITIONS, Paragraph 4. Loss Payment and G. Optional Coverage, Paragraph 3. Replacement Cost of the Building and Personal Property Coverage Form CP0010); then
4. We will pay the replacement cost up to an additional 25% of the Limit of Insurance scheduled for this building in the Declarations. The Agreed Value provision in G. OPTIONAL COVERAGES 1. Agreed Value is deleted. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any building to which this endorsement applies unless Building Ordinance Coverage is scheduled on the building in the Declarations. Extended Replacement Cost Coverage does not apply to the Package Broadening Plus Endorsement (Form SP0041 01/04) or the Package Broadening Premier (Form SP0042 05/12).

This endorsement applies only if indicated as applicable in the Declarations and only with respect to those buildings so indicated.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
BUSINESSOWNERS COVERAGE PART**

PROTECTIVE SAFEGUARDS

1. **As a condition of this insurance, you are required to maintain the protective devices or services listed in the Policy Declarations.**

The protective safeguards to which this endorsement applies are identified by the following symbols:

- B-1 Burglar Alarm System Local**
Detection devices protecting all perimeter wall openings (doors, hatches, operable windows) and either a). detection devices protecting all perimeter glass or b). interior Detection device(s). Alarm System must have battery back-up able to power detection devices at least 8 hours, and the audible alarm at least 15 minutes, in the event of a power failure. An audible alarm (bell, siren) must be able to be heard at least 100 feet from the premises and shall be tamper resistant either by construction or location.

- B-2 Burglar Alarm Central Station**
Extent of protection and battery back-up is the same as B-1 . Audible alarm is optional. Alarm must be monitored by either a). public protection agency (police or fire department) or b). facility staffed 24 hours a day by personnel who are trained to dispatch public protection personnel. The monitoring facility must also be able to detect a). disruption of phone lines or other means of signal transmission and b). failure of alarm system battery back-up.

- C-1 Commercial Cooking Protection**
Automatic dry chemical extinguishing system protecting all cooking surfaces, deep fat fryers, grease ducts, and plenums. Automatic gas shut-off valve in fuel supply lines to all cooking equipment. All deep fat fryers equipped with dual element high limit thermostat cut off switches. Contracts with independent service companies for cleaning of cooking ducts, and inspection and servicing of extinguishing system on at least a semi-annual basis.

P-1 Automatic Sprinkler System

Includes related supervisory services. Automatic Sprinkler System means:

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

P-2 Automatic Fire Alarm

Protecting the entire building, that is:

- (1). Connected to a central station; or
- (2). Reporting to a public or private fire alarm station.

P-3 Security Service

With a recording system or watch clock, making hourly rounds covering the entire building, when the premises is not in actual operation.

P-4 Service Contract

With a privately owned fire department providing fire protection service to the described premises.

P-9 The Protective System Described on the Declarations

2. . The following is added to the EXCLUSIONS section of:

CAUSES OF LOSS BASIC FORM
CAUSES OF LOSS BROAD FORM
CAUSES OF LOSS SPECIAL FORM

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

- a. Knew of any suspension or impairment in any protective safeguard identified by a symbol on the Declarations as described in this endorsement, and failed to notify us of that fact; or
- b. Failed to maintain any protective safeguard identified by a symbol on the Declarations as described in this endorsement, over which you had control, in complete working order.

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

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we," "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under WHO IS AN INSURED (SECTION II).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (SECTION V).

SECTION I COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement.

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend any "suit" seeking those damages. We may at our discretion investigate any "occurrence" and settle any claim or "suit" that may result. But:
 - (1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION III); and
 - (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS COVERAGES A AND B.

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

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

2. Exclusions.

This insurance does not apply to:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.
- b. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
 - (1) Assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or
 - (2) That the insured would have in the absence of the contract or agreement.
- c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:
 - (1) Causing or contributing to the intoxication of any person;
 - (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
 - (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

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

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

e. "Bodily injury" to:

- (1) An employee of the insured arising out of and in the course of employment by the insured; or
- (2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

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

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

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

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:

- (i) if the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or
- (ii) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraphs (a) and (d)(i) do not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

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

- (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
 - (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
 - (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
 - (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
 - (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment" (Section V.8.).
- h. "Bodily injury" or "property damage" arising out of:
- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
 - (2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.
- i. "Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.
- j. "Property damage" to:
- (1) Property you own, rent, or occupy;
 - (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
 - (3) Property loaned to you;
 - (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
 - (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.
- Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.
- Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.
- Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."
- k. "Property damage" to "your product" arising out of it or any part of it.
- l. "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."
- This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.
- m. "Property damage" to "impaired property" or property that has not been physically injured, arising out of:
- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work;" or
 - (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.
- This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.
- n. Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

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

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

Exclusions c. through n. do not apply to damage by fire to premises rented to you. A separate limit of insurance applies to this coverage as described in LIMITS OF INSURANCE (SECTION III).

COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement.

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury" or "advertising injury" to which this coverage part applies. We will have the right and duty to defend any "suit" seeking those damages. We may at our discretion investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION III); and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS COVERAGES A AND B.

- b. This insurance applies to:

- (1) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;
- (2) "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services;

but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions.

This insurance does not apply to:

- a. "Personal injury" or "advertising injury:"
 - (1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
 - (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
 - (3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or
 - (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.
- b. "Advertising injury" arising out of:
 - (1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;

- (2) The failure of goods, products or services to conform with advertised quality or performance;
- (3) The wrong description of the price of goods, products or services; or
- (4) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement.

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
 provided that:
 - (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
 - (1) First aid at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions.

We will not pay expenses for "bodily injury:"

- a. To any insured.
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an employee of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- f. Included within the "products-completed operations hazard."
- g. Excluded under Coverage A.
- h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS COVERAGES A AND B

We will pay, with respect to any claim or "suit" we defend:

- 1. All expenses we incur.
- 2. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- 3. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

4. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$100 a day because of time off from work.
5. All costs taxed against the insured in the "suit."
6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
2. Each of the following is also an insured:
 - a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, no employee is an insured for:
 - (1) "Bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment, or the spouse, child, parent, brother or sister of that co-employee as a consequence of such "bodily injury" or "personal injury," or for any obligation to share damages with or repay someone else who must pay damages because of the injury; or
 - (2) "Bodily injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services; or
 - (3) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).
 - b. Any person (other than your employee), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - a. "Bodily injury" to a co-employee of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage B does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

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

SECTION III LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits."
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard;" and
 - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard."
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage A; and
 - b. Medical expenses under Coverage C
 because of all "bodily injury" and "property damage" arising out of any one "occurrence."

6. Subject to 5. above, the Fire Damage Limit is the most we will pay under Coverage A for damages because of "property damage" to premises rented to you arising out of any one fire.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

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

SECTION IV COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy.

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

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

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

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

3. Legal Action Against Us.

No person or organization has a right under this Coverage Part:

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

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

4. Other Insurance.

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected

unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

- (1) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work;"
- (2) That is Fire insurance for premises rented to you; or
- (3) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Coverage A (Section I).

When this insurance is excess, we will have no duty under Coverage A or B to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit.

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations.

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

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

8. Transfer Of Rights Of Recovery Against Others To Us.

If the insured has rights to recover all or part of any payment we have made under this Coverage

Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew.

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

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

SECTION V DEFINITIONS

1. "Advertising injury" means injury arising out of one or more of the following offenses:
 - a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - b. Oral or written publication of material that violates a person's right of privacy;
 - c. Misappropriation of advertising ideas or style of doing business; or
 - d. Infringement of copyright, title or slogan.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment."
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by you in the territory described in a. above; or

- (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
5. "Impaired property" means tangible property, other than "your product" or "your work," that cannot be used or is less useful because:
- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- a. The repair, replacement, adjustment or removal of "your product" or "your work;" or
 - b. Your fulfilling the terms of the contract or agreement.
6. "Insured contract" means:
- a. A lease of premises;
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement:

- a. That indemnifies any person or organization for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
 - b. That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
 - c. Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in b. above and supervisory, inspection or engineering services; or
 - d. That indemnifies any person or organization for damage by fire to premises rented or loaned to you.
7. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto;"
 - b. While it is in or on an aircraft, watercraft or "auto;" or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto."
8. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
 - f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.
 However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos:"
 - (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing;
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
9. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
10. "Personal injury" means injury, other than "bodily injury," arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - e. Oral or written publication of material that violates a person's right of privacy.
- 11.a. "Products-completed operations hazard" includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
- (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned.
- b. "Your work" will be deemed completed at the earliest of the following times:
- (1) When all of the work called for in your contract has been completed.
 - (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
 - (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
- Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
- c. This hazard does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the "loading or unloading" of it;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials;
- (3) Products or operations for which the classification in this Coverage Part or in our manual of rules includes products or completed operations.

12. "Property damage" means:

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

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

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

14. "Your product" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product;" and
- b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

15. "Your work" means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work;" and
- b. The providing of or failure to provide warnings or instructions.

LIQUOR LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we," "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under WHO IS AN INSURED (Section II).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (Section V).

SECTION I LIQUOR LIABILITY COVERAGE

1. Insuring Agreement.

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "injury" to which this insurance applies if liability for such "injury" is imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage. We will have the right and duty to defend any "suit" seeking those damages. We may at our discretion investigate any "injury" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (Section III); and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS.

- b. This insurance applies to "injury" which occurs during the policy period in the "coverage territory."

2. Exclusions.

This insurance does not apply to:

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

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

c. "Bodily injury" to:

- (1) An employee of the insured arising out of and in the course of employment by the insured; or
- (2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

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

- d. To "injury" arising out of any alcoholic beverage sold, served or furnished while any required license is suspended or after such license expires, is cancelled or revoked.

- e. "Injury" arising out of "your product." This exclusion does not apply to "injury" for which the insured or the insured's indemnities may be held liable by reason of:

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

- f. Any "injury" with respect to which other insurance is afforded, or would be afforded but for the exhaustion of the limits of insurance.

This exclusion does not apply if the other insurance responds to liability for "injury" imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage.

SUPPLEMENTARY PAYMENTS

We will pay, with respect to any claim or "suit" we defend:

1. All expenses we incur.
2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$100 a day because of time off from work.
4. All costs taxed against the insured in the "suit."
5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.
7. Expenses incurred by the insured for first aid to others at the time of an event to which this insurance applies.

These payments will not reduce the limits of insurance.

SECTION II WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:
 - a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, no employee is an insured for:
 - (1) "Injury" to you or to a co-employee while in the course of his or her employment, or the spouse, child, parent, brother or sister of that co-employee as a consequence of such "injury," or for any obligation to share damages with or repay someone else who must pay damages because of the injury; or
 - (2) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).
 - b. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - c. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
 - b. Coverage does not apply to "injury" that occurred before you acquired or formed the organization.

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

SECTION III LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits."
2. The Aggregate Limit is the most we will pay for all "injury" as the result of the selling, serving or furnishing of alcoholic beverages.
3. Subject to the Aggregate Limit, the Each Common Cause Limit is the most we will pay for all "injury" sustained by one or more persons or organizations as the result of the selling, serving or furnishing of any alcoholic beverage to any one person.

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

SECTION IV LIQUOR LIABILITY CONDITIONS

1. Bankruptcy.

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

2. Duties In The Event Of Injury, Claim Or Suit.

- a. You must see to it that we are notified as soon as practicable of an "injury" which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "injury" took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any "injury" or damage arising out of an "occurrence."

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

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

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

c. You and any other involved insured must:

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

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

3. Legal Action Against Us.

No person or organization has a right under this Coverage Part:

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

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

4. Other Insurance.

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary. Our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in b. below.

b. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit.

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations.

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us.

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew.

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

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

SECTION V DEFINITIONS

1. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

2. "Coverage territory" means:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

b. International waters or airspace, provided the "injury" or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or

c. All parts of the world if:

(1) The "injury" or damage arises out of:

(a) Goods or products sold by you in the territory described in a. above; or

(b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and

- (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
3. "Injury" means all damages, including damages because of "bodily injury" and "property damage," and including damages for care, loss of services or loss of support.
 4. "Property damage" means:
 - a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.
 5. "Suit" means a civil proceeding in which damages because of "injury" to which this insurance applies are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - DESIGNATED WORK

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE Description of your work

Any and all construction and development operations and services

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

This insurance does not apply to "bodily injury, " or "property damage" included in the "products-completed operations hazard" and arising out of "your work" shown in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**LIMITATION OF COVERAGE TO DESIGNATED
PREMISES OR PROJECT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

Premises: Applies to each premises shown on the declarations

Project:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

This insurance applies only to "bodily injury," "property damage," "personal injury," "advertising injury" and medical expenses arising out of:

1. The ownership, maintenance or use of the premises shown in the Schedule and operations necessary or incidental to those premises; or
2. The project shown in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. The following exclusion is added to COVERAGE A (Section I):

- o. "Bodily injury" arising out of any:
 - (1) Refusal to employ;
 - (2) Termination of employment;
 - (3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment-related practices, policies, acts or omissions; or
 - (4) Consequential "bodily injury" as a result of (1) through (3) above.

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

2. The following exclusion is added to COVERAGE B (Section I):

- c. "Personal injury" arising out of any:
 - (1) Refusal to employ;
 - (2) Termination of employment;
 - (3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment-related practices, policies, acts or omissions; or
 - (4) Consequential "personal injury" as a result of (1) through (3) above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL POLLUTION EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion f. under COVERAGE A (Section I) is replaced by the following:

- f.(1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.
- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
 - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acid, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS WITH EXCEPTION FOR BODILY INJURY ON YOUR PREMISES

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:

2. Exclusions

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" (or "personal and advertising injury" if defined as such in your policy) arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

- (a) Computer hardware, including microprocessors;
- (b) Computer application software;
- (c) Computer operating systems and related software;
- (d) Computer networks;
- (e) Microprocessors (computer chips) not part of any computer system; or
- (f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

This exclusion does not apply to "bodily injury" occurring on any premises owned by or rented to you.

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 GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE
PART RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

With respect to any one or more "certified acts of terrorism", we will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002 (including subsequent acts of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The federal Terrorism Risk Insurance Act of 2002 sets forth the following criteria for a "certified act of terrorism":

1. The act resulted in aggregate losses in excess of \$5 million; and
- ! " 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 acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to ! "#\$%&%the policy () ' affect the conduct of the United States Government by &(%& (!* "

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE ASBESTOS EXCLUSION

This endorsement applies to the insurance provided under the following:

**BUSINESS AUTO COVERAGE FORM
BUSINESSOWNERS LIABILITY COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE FORM
PREMISES LIABILITY COVERAGES**

This insurance does not apply to any liability for property damage (including loss of use of property), bodily injury, or personal injury directly or indirectly caused by or arising out of asbestos, including but not limited to the following:

- 1. inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or**
- 2. the use of asbestos in construction or manufacturing any good, product or structure; or**
- 3. the process of decontamination, treatment, control or removal of asbestos from any good, product or structure; or**
- 4. the manufacture, processing, mining, distribution, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos.**

The coverage afforded by this policy does not apply to payment for the investigation or defense of any loss, injury or damage; or any cost, fine or penalty; or for any expense, claim or suit related to any of the above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE LEAD EXCLUSION

This endorsement applies to the insurance provided under the following:

**BUSINESS AUTO COVERAGE FORM
BUSINESSOWNERS LIABILITY COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE FORM
PREMISES LIABILITY COVERAGES**

This insurance does not apply to any liability for property damage (including loss of use of property), bodily injury, or personal injury directly or indirectly caused by or arising out of lead, including but not limited to the following:

- 1. inhaling, ingesting or prolonged physical exposure to lead or goods or products containing lead; or**
- 2. the use of lead in construction or manufacturing any good, product or structure; or**
- 3. the process of decontamination, treatment, control or removal of lead from any good, product or structure; or**
- 4. the manufacture, processing, mining, distribution, sale, transportation, storage or disposal of lead or goods or products containing lead.**

The coverage afforded by this policy does not apply to payment for the investigation or defense of any loss, injury or damage; or any cost, fine or penalty; or for any expense, claim or suit related to any of the above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL EXCLUSION

This endorsement modifies insurance provided under the following:

ALL LIABILITY COVERAGE SECTIONS

The Liability Coverage provided under this policy does not apply to injury or damage sustained by any insured within the meaning of insured as defined in any Liability Coverage portions of this policy. We will have no obligation to defend or indemnify any insured against a claim by another insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARBITRATION AGREEMENT

This endorsement modifies insurance provided under the policy.

If we and the insured do not agree whether coverage is provided under any coverage part of the policy, then either party may demand that the coverage dispute be submitted to non-binding arbitration. If both parties agree, the arbitration shall be binding.

When this demand is made, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that the selection be made by a judge of a court having jurisdiction. Each party will:

- 1. Pay the expense it incurs; and**
- 2. Bear the expenses of the third arbitrator equally.**

Unless both parties agree otherwise, arbitration will take place in the country or parish in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply. Any decision by the arbitrators may be rejected by either party within 30 days after receipt of the arbitration award. However, if neither party rejects the arbitrator's award within 30 days, then the award shall be binding on all parties.

No suit will be upheld until these conditions have been met.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OTHER INSURANCE

This endorsement modifies insurance provided under the following:

ALL LIABILITY COVERAGE FORMS

The coverage afforded under this policy shall be excess as to any other valid and collectible insurance. When this insurance is excess, we shall have no duty to defend any claims or suits that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so. In doing so, we shall be entitled to the insured's rights against all those other insurers.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIOR OR PENDING DAMAGE EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM BUSINESSOWNERS LIBAILITY COVERAGE FORM

This insurance does not apply to damages because of bodily injury , property damage , personal injury , or advertising injury contained within any suit , claim, decree, or judgment against any insured:

(a). With respect to bodily injury or property damage which first occurred prior to the earliest effective date of coverage provided by this policy and of which any insured had, or should have had, knowledge of prior to the date of inception of the policy;

(b). With respect to personal injury or advertising injury , any offense first committed prior to the earliest effective date of coverage provided by this policy.

Any suit , claim, decree or judgment for damages against an insured which arises out of the same substantially the same matters alleged in a prior suit , claim, decree, or judgment for damages shall be deemed to have occurred at the time of the date of such earlier suit , claim, decree or judgment.

This endorsement changes the policy. Please read it carefully.

**MOLD, FUNGUS OR MICROBIAL CONTAMINATION
EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Section I.A.2. of this policy Bodily Injury and Property Damage Liability Exclusions - is amended by the addition of the following:

This insurance does not apply to:

1. "Bodily injury" arising out of or contributed to by mold, fungus or "microbial contamination";
2. "Property damage" arising out of or contributed to by the presence of mold, fungus or "microbial contamination" on, in, or at any premises, site or location which is or was at any time owned by, occupied by, rented to, loaned to or used by any insured;
3. "Property damage" arising out of or contributed to by mold, fungus or "microbial contamination" which relates to, arises out of or is any part of "your work" and included within the "products-completed operations hazard";
4. Any claims of "bodily injury" or "property damage" caused by or relating to the abatement of the mold, fungus or "microbial contamination."

Section I.B.2 of this policy - Personal and Advertising Injury Liability Exclusions - is amended by the addition of the following:

This insurance does not apply to:

1. "Personal injury" which arises out of or is contributed to by mold, fungus or "microbial contamination"; or
2. Any claims of "personal injury" caused by or relating to the abatement of the mold, fungus or "microbial contamination."

Section I.A.2. of this policy Bodily Injury and Property Damage Liability Exclusions - and Section I.B.2 of this policy - Personal and Advertising Injury Liability Exclusions are each amended by the addition of the following:

This insurance does not apply to:

1. Any loss, cost or expense arising out of any:
 - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way

respond to, or assess the effects of mold, fungus or "microbial contamination"; or

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

The Company shall have no duty or obligation to provide or pay for the investigation or defense of any loss, cost, expense, claim, or suit excluded under this endorsement and in connection therewith.

The Supplementary Payments Coverage A and B Section shall not apply.

"Microbial contamination" means any contamination, either airborne or surface, which arises out of or is related to the presence of mold, fungus, or spores, including, without limitation, Penicillium, Aspergillus, and Stachybotrys chartarum.

EMPLOYEE BENEFITS LIABILITY ENDORSEMENT

(>>> Note: This is a CLAIMS MADE FORM)

SCHEDULE *

COVERAGE	LIMITS OF LIABILITY		DEDUCTIBLE
Employee Benefits Liability Insurance	(See Declarations) Each Claim	(See Declarations) Aggregate	None Each Claim

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

IF COVERAGE IS PROVIDED SUBSEQUENT TO POLICY INCEPTION, ATTACH TO A CHANGE ENDORSEMENT.

In consideration of the payment of the premium, this company agrees with the insured named in the Declarations to afford the coverage set forth in this endorsement. The other terms, conditions and limits of liability in other sections of the policy to which this endorsement is attached shall not apply to insurance afforded hereunder.

INSURING AGREEMENTS

1. EMPLOYEE BENEFITS LIABILITY: This company will pay on behalf of the insured all sums which the insured shall become obligated to pay as damages because of any claim made against the insured due to any negligent act, error or omissions of the insured, or any other person for whose acts the insured is legally liable, in the administration of the insureds employee benefits programs, as defined in this endorsement, and this company shall have the right and duty to defend any suit against the insured seeking damages on account of such negligent act, error or omission, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient; but this company shall not be obligated to defend any suit after the applicable limit of this companys liability has been exhausted by payment of judgments or settlements.

2. SUPPLEMENTAL PAYMENTS: This company shall pay, in addition to the applicable limits of liability:

A. All expenses incurred by this company, all costs taxed against the insured in any suit defended by this company, and all interest on the entire amount of any judgment therein which accrues after the entry of judgment and before this company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of this companys liability thereon;

B. Premiums on appeal bonds required in any such suit and premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy, but without any obligation to apply or furnish any such bonds; and

C. Reasonable expense incurred by the insured at this companys request including actual loss of wages or salary (but not loss of other income) not to exceed \$25 per day because of his attendance at hearings or trials at such request.

DEFINITIONS

1. DEFINITION OF INSURED: With respect to the insurance afforded by this endorsement, the unqualified word Insured includes the named insured; provided that:

(a) if the named insured is designated as an individual, the insurance applies only to the conduct of a business of which he is the sole proprietor; and

(b) the unqualified word Insured also includes the following:

(i) If the named insured is or includes a partnership or joint venture, any partner or member thereof, but only with respect to his liability as such;

(ii) Any executive officer, director or stockholder of the named insured while acting within the scope of his duties as such; or

(iii) Any employee, provided such employee is authorized to act in the administration of the named insureds employee benefits programs, but such coverage afforded to an employee shall be limited to authorized acts arising out of the administration of group life insurance, group health insurance, profit-sharing plans, pension plans and employee stock subscription plans.

2. EMPLOYEE BENEFITS PROGRAMS: The term Employee Benefits Programs means:

(a) group life insurance, group accident or health insurance, profit sharing plans, employee stock subscription plans, workmens compensation, unemployment insurance, social security benefits, disability benefits; and

(b) any other similar employee benefits instituted after the effective date of this endorsement, provided this company is notified within thirty days after the institution of such benefits.

3. ADMINISTRATION: The unqualified word administration whenever used shall mean:

A. Giving counsel to employees with respect to the employee benefits programs;

B. Interpreting the employee benefits programs;

C. Handling of records in connection with the employee benefits programs; and

D. Effective enrollment, termination or cancellation of employees under the employee benefits programs; provided all such acts are authorized by the named insured.

EXCLUSIONS

This endorsement does not apply to:

1. any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination, or humiliation;

2. bodily injury to or sickness, disease or death, of any person, or to injury to or destruction of any tangible property; including the loss of use thereof;

3. any claim for failure of performance of contract of an insurer;

4. any claim based upon the insureds failure to comply with any law concerning workmens compensation, unemployment insurance, social security or disability benefits; or

5. any claim based upon:

A. failure of stock to perform as represented by an insured;

B. advice given by an insured to an employee to participate or not to participate in stock subscription plans; or

C. the investment or non-investment of funds.

CONDITIONS

1. This endorsement applies to negligent acts, errors or omissions which occur within the United States of America, its territories or possessions or Canada, and to claims therefrom which are under the legal jurisdiction of a court of law or court of equity within the territory as defined herein, and then only if claim is made or suit is brought against the insured for:

A. negligent acts, errors or omissions which occur during the endorsement period, and then only if claim is made or suit is brought during the endorsement period or within one year after the end of the endorsement period. If during the endorsement period, the insured shall have knowledge or become aware of any negligent act, error or omission and shall, during the endorsement period, give written notice thereof to the company, then such notice shall be considered a claim hereunder; or

B. negligent acts, errors or omissions which have occurred prior to endorsement period, but then only if, during the endorsement period, the named insured first has knowledge of or can reasonably foresee any circumstances which might result in a claim or suit and has given written notice to the company in accordance with condition 4 of the policy.

2. **LIMITS OF LIABILITY:** Regardless of the number of:

(a) insureds under this policy;

(b) persons who sustain damage; or

(c) claims made or suits brought for such damage;

the limit of liability stated in the schedule as applicable to "each claim" is the limit of this companys liability for all damage incurred on account of any claim covered hereunder; the limit of liability stated in the schedule as "aggregate" is, subject to the above provisions respecting each claim, the total limit of the companys liability for all claims covered hereunder and occurring during each annual period this endorsement is in force.

3. **PREMIUM:** The premium stated in the schedule is an estimated premium only. Upon termination of each annual period of this endorsement, the insured, on request, will furnish this company a statement of the total number of employees at the end of the period and the earned premium shall be computed on

the average of the number of employees at the beginning and the end of such period in accordance with the rates specified in the schedule. If the earned premium thus computed exceeds the estimated premium paid, the insured shall pay the excess to this company; if less, this company shall return to the insured the unearned portion paid by such insured.

4. INSUREDS DUTIES IN THE EVENT OF OCCURRENCE, CLAIM OR SUIT:

- A. In the event of an occurrence which may result in a claim, written notice containing particulars sufficient to identify the insured, and also reasonably obtainable information with respect to the time, place and circumstances thereof, shall be given by or for the insured to this company or any of its authorized agents as soon as practicable.
 - B. If claim is made or suit is brought against the insured, the insured shall immediately forward to this company every demand, notice, summons or other process received by him or his representative.
 - C. The insured shall cooperate with this company and, upon this companys request, shall attend hearings and trials, assist in making settlements, in the conduct of suits, in securing and giving evidence and obtaining the attendance of witnesses. The insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense.
- 5. DEDUCTIBLE:** The deductible amount indicated in the schedule shall be subtracted from the total amount of all sums which this company is obligated to pay or incur on behalf of the insured on account of each claim. This company shall be liable only for the difference between such deductible amount and the limit of this companys liability for each claim as stated in the schedule. The terms of this endorsement including those with respect to notice of claim or suit, and this companys right to investigate and negotiate any such claim or suit, apply irrespective of the application of the deductible amount.
- 6. ACTION AGAINST COMPANY:** No action shall lie against this company, unless, as a condition precedent thereto, the insured shall have fully complied with all the terms of this endorsement, nor until the amount of the insureds obligation to pay shall have been finally determined either by judgment against the insured after actual trial, or by written agreement of the insured, the claimant and the company.

Any person or organization, or the legal representative thereof, who has secured such judgment or written agreement, shall thereafter be entitled to recover under this endorsement to the extent of the insurance afforded by this endorsement. No person or organization shall have any right under this endorsement to join this company as a party to any action against the insured to determine the insureds liability, nor shall this company be impleaded by the insured or his legal representative, bankruptcy or insolvency of the insured or of the insureds estate, shall not relieve this company of any of its obligations hereunder.

- 7. SUBROGATION:** In the event of any payment under this endorsement, this company shall be subrogated to all the insureds rights of recovery therefor against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.
- 8. CHANGES:** Notice to any agent or knowledge possessed by an agent or by another person shall not affect a waiver or a change in any part of this endorsement or estop this company from asserting any right under the terms of this endorsement; nor shall the terms stated herein be waived or changed, except by endorsement issued to effect such change.
- 9. ASSIGNMENT:** Assignment of interest under this endorsement shall not bind this company until its consent is endorsed hereon; if however, the named insured shall die, this endorsement shall cover the named insureds legal representative as named insured; provided that notice of cancellation addressed to the insured named in the schedule and mailed to the address shown in this endorsement shall be sufficient notice to effect cancellation of this endorsement.
- 10. OTHER INSURANCE:** If the insured has other insurance against a loss covered by this endorsement, this company shall not be liable under this endorsement for a greater proportion of such loss than the limit of liability stated in the schedule bears to the total limit of liability of all valid and collectible insurance against such loss. However, with respect to negligent acts, errors or omissions which occur prior to the effective date of this endorsement, the insurance hereunder shall apply only as excess insurance over any other valid and collectible insurance, and shall then apply only in the amount by which the applicable limit of liability of this endorsement exceeds the sum of the applicable limits of liability of all such other insurance.

11. SCHEDULE: By acceptance of this endorsement, the insured agrees that the statements in the schedule are his agreements and representations, that this endorsement is issued in reliance upon the truth of such representations and that this endorsement embodies all agreements existing between himself and this company or any of its agents relating to this insurance.

12. CONFORMITY WITH STATUTES: Terms of this endorsement which are in conflict with the statutes of the state wherein this endorsement is issued, are hereby amended to conform to such statutes.

13. CANCELLATION: This endorsement may be canceled by the named insured by surrender

thereof to this company or any of its authorized agents or by mailing to this company written notice stating when thereafter the cancellation shall be effective. This endorsement may be canceled by this company by mailing to the named insured, at the address shown in the policy, written notice stating when, not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of the surrender or the effective date and hour of cancellation stated in the notice shall become the end of the endorsement period. Delivery of such written notice, either by the named insured or by his company, shall be equivalent to mailing.

COMMERCIAL INLAND MARINE CONDITIONS

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

LOSS CONDITIONS

A. ABANDONMENT

There can be no abandonment of any property to us.

B. APPRAISAL

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

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

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

C. DUTIES IN THE EVENT OF LOSS

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

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the "loss." Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the "loss" occurred.
4. Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses, for consideration in the settlement of the claim.

5. Make no statement that will assume any obligation or admit any liability, for any "loss" for which we may be liable, without our consent.
6. Permit us to inspect the property and records proving "loss."
7. If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
8. Send us a signed, sworn statement of "loss" containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
9. Promptly send us any legal papers or notices received concerning the "loss."
10. Cooperate with us in the investigation or settlement of the claim.

D. INSURANCE UNDER TWO OR MORE COVERAGES

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

E. LOSS PAYMENT

We will pay or make good any "loss" covered under this Coverage Part within 30 days after:

1. We reach agreement with you;
2. The entry of final judgment; or
3. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

F. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this Coverage Part, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

G. PAIR, SETS OR PARTS

1. Pair or Set. In case of "loss" to any part of a pair or set we may:
 - a. Repair or replace any part to restore the pair or set to its value before the "loss"; or
 - b. Pay the difference between the value of the pair or set before and after the "loss."
2. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

1. Settle the "loss" with the owners of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.
2. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this insurance.

I. RECOVERIES

Any recovery or salvage on a "loss" will accrue entirely to our benefit until the sum paid by us has been made up.

J. REINSTATEMENT OF LIMIT AFTER LOSS

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

K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "loss" to impair them.

GENERAL CONDITIONS

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. LEGAL ACTION AGAINST US

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

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the "loss."

C. NO BENEFIT TO BAILEE

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

D. POLICY PERIOD

We cover "loss" commencing during the policy period shown in the Declarations.

E. VALUATION

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before "loss"; or
3. The cost of replacing that property with substantially identical property.

In the event of "loss," the value of property will be determined as of the time of "loss."

SIGNS COVERAGE FORM

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

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

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

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form, means:

- a. Your signs; and
- b. Similar property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. ADDITIONAL COVERAGE COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as covered in this Coverage Form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovating if the collapse occurs during the course of the construction, remodeling or renovating.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

B. EXCLUSIONS

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

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

b. Nuclear Hazard

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

(2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. War And Military Action

(1) War, including undeclared or civil war;

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

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

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

a. Delay, loss of use, loss of market or any other consequential loss.

b. Breakage during transportation, or breakage during installation, repairing or dismantling.

But we do insure against such "loss" caused directly by fire, lightning, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.

c. Dishonest acts by:

(1) You, your employees or authorized representatives;

(2) Anyone else with an interest in the property, or their employees or authorized representatives; or

- (3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire.

- d. Artificially generated current creating a short circuit or other electric disturbance within an article covered under this Coverage Form.

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

This exclusion only applies to "loss" to that article in which the disturbance occurs.

- e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- f. Unauthorized instructions to transfer property to any person or to any place.
3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
- (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
- of part or all of any property wherever located.

- d. Collapse except as provided in the Additional Coverage-Collapse section of this Coverage Form.

- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration; mechanical breakdown; dampness, cold or heat.

C. LIMITS OF INSURANCE

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

D. DEDUCTIBLE

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

E. ADDITIONAL CONDITIONS

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

1. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America;
- b. Puerto Rico; and
- c. Canada.

2. COINSURANCE

All Covered Property, except property in transit, must be insured for its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to the total value of all property at all locations as of the time of "loss." This penalty will not apply to property in transit.

F. DEFINITIONS

"Loss" means accidental loss or damage.

**COMMERCIAL POLICY
FOR ELECTRONIC DATA PROCESSING
MINI-COMPUTER PLAN**

Various provisions of this endorsement 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.

A. Covered Causes of Loss

We will pay for loss or damage to covered property caused by any direct physical loss, unless excluded elsewhere in this form. We will also pay for Extra Expense and Business Income if shown on the Declarations page.

B. Exclusions

This policy does not insure against loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. We will not cover loss caused by wear and tear, gradual deterioration, insects, vermin, or inherent vice.
2. We will not cover loss caused by dishonest, fraudulent, or criminal acts by you, or any partner, director, officer, trustee, agent or employee of yours. This exclusion will not apply to acts of destruction by an employee, other than by theft.
3. We will not cover loss caused by repair, service, or actual work performed on covered property. We will cover loss to covered property caused by a covered cause of loss if the loss occurs while repair, service, or work is being performed.
4. We will not cover loss caused by illegal transportation or trade, or seizure or destruction of your covered property as a result of a quarantine, or confiscation by any government or regulatory authority.
5. We will not cover loss caused by war, including undeclared or civil war, 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 insurrection, rebellion, revolution, usurped power or action taken by government authority in hindering or defending against any of these.
6. We will not cover loss caused by any nuclear reaction, nuclear radiation, or radioactive contamination, however caused. We will pay for direct loss caused by resulting fire if the fire would otherwise be covered by this form.
7. We will not cover loss caused by delay, loss of market, or loss of use.
8. We will not cover loss caused by errors in design or faulty materials. However, we will pay for resultant damage to covered equipment, data, or media by a covered cause of loss that results from errors in design or use of faulty materials. The special Breakdown Deductible applies to these covered losses.
9. We will not cover loss under Extra Expense or Business Income Coverage caused by programming errors or incorrect instructions or data to a data processing system. This exclusion will not apply to losses caused by computer virus, computer hackers, logic bombs, worms, Trojan horses, or other destructive software. If the Declarations page has a specific limit shown for Computer Virus Reduced Coverage Amount, the limit shown is the most we will pay for this coverage.
10. We will not cover loss caused directly or indirectly by the enforcement of any ordinance, regulation, or law:
 - a. Regulating the construction, use or repair of any property; or

- b. Requiring the tearing down of any property, including cost of clean up, removal or restoring property damaged by pollution or hazardous substances
11. We will not cover any increase in Extra Expense or Business Income loss that is otherwise covered if caused by strikers or other persons who interfere with your attempt to repair or replace damaged property. We will cover such loss if it occurs at someone else's business that you have no interest or control over, and you are unable to resume normal operations as a result.
 12. We will not cover any increase in loss caused by suspension, lapse, or cancellation of any lease, contract, license or order, before or after a covered loss.
 13. We will not cover Extra Expense or Business Income loss caused by loss or damage to accounts, bills, manuscripts, valuable abstracts, deeds, or documents. This exclusion will not apply if these items are converted to data form.
 14. We will not cover loss or property or data that disappears, or that you discover missing when you do an inventory, or in other instances where there is no physical evidence to show what happened to the property.
 15. We will not cover the cost of research to reproduce data due to lack of backup, support documentation or records.

C. Coverage Limits

The limits shown on the declarations page for each of the coverage parts are the most we will pay for any one loss. Separate limits are shown for each type of coverage, at each location. If a transit limit is shown, this is the most we will pay for any one loss or event, regardless if the property is being moved to or from separate locations. Business Income Coverage limits shown on an Amount Per Day is the most we will pay per a 24-hour day that your business would normally operate. The Total Amount of Recovery is the most we will pay for any one loss at that location.

D. Property Covered

1. We will cover computer equipment that you own, lease, rent, or property of others for which you are legally responsible. Computer Equipment includes a network of computer hardware and components used in the transmitting or processing of information. We will also include air conditioning and fire protection equipment used solely in your computer operations.
2. We separately cover Data and Media that you own, lease, rent or that is property of others for which you are legally responsible. Data means facts, programs, or instructions used in the processing operation. This includes program support material if in data form. Media means items on which data is recorded, such as CDs, disk packs, and magnetic tapes.

E. Property Not Covered

We will not cover the following property:

1. Data or Media that cannot be replaced with items of the same kind or quality. We will cover such items if specific values and description is shown on the Declarations.
2. The following documents or material except if they are converted to data form, and then only for reproduction in data form:
 - a. Accounts, bills, evidence of debt;
 - b. Valuable papers, records, abstracts, deeds or manuscripts;
 - c. Program support documentation, such as flowcharts, narrative descriptions, records, or backup materials.

F. Where We Will Cover

We will pay for losses that occur at the described premises in the Declarations, or when transit coverage is shown, for covered property between these locations in the United States, Puerto Rico or Canada.

G. Extra Expense Coverage

We will cover extra expense that you incur as a result of a covered loss necessary to continue your computer operations. Extra Expense means any expense that exceeds the normal operating costs of your computer operations, subject to the following:

1. The expense is needed to continue normal operations;
2. The expense is caused by damage or loss to covered property, or the building in which your computer operations are located; and
3. The loss or damage restricts or prevents you from continuing normal operations.

H. Business Income Coverage

We will pay for loss of Business Income as a result of loss or damage caused by a covered cause of loss to covered property, or to the building that your computer operations are located. Business Income means net income before taxes, including payroll and normal operating expenses that you would have incurred if no loss had occurred. We will also pay the following:

1. Any extra expense that you incur to reduce the amount of Business Income loss, or to reduce the time to return to the same level of operations before the loss, to the extent that the extra expenses reduce the Business Income loss.
2. Loss of Income as a result of loss or damage to Media that is in transit.
3. Loss of Income that would be directly attributable to prototypes and project research including written, printed, or otherwise documented plans and records associated with prototype projects and developmental operations.

I. Coverage Extensions

Unless otherwise stated, the following extension of coverage are in addition to the limits shown in the Declarations, and apply to property located in or on the described locations in the policy Declarations:

1. New Locations;

We will cover loss or damage to computer equipment, data or media, at newly acquired locations up to a limit of \$50,000, or the highest scheduled location, whichever is less. This extension does not apply to property at fairs or exhibitions. This coverage extension is provided for up to 60 days, but not beyond the expiration date of this policy. You must report the newly acquired location to us within the 60 days, and pay additional premium from the day it was acquired.

2. Newly Acquired Property

We will cover newly acquired equipment, data, or media at the location shown in the Declarations up to a limit of \$50,000. This coverage extension is provided for up to 60 days, but not beyond the expiration date of this policy. You must report the newly acquired equipment to us within the 60 days, and pay additional premium from the day it was acquired.

3. Back-Up Location Coverage

We will cover your back-up data and media while in a separate building at least 100 feet away from any building at a scheduled location. The most we will pay for this coverage is \$10,000 at any on location, unless a higher limit is scheduled in the Declarations.

4. Halon & Carbon Dioxide Discharge Coverage

We will pay for the cost to recharge your halon or carbon dioxide fire protective systems that protect your computer system if they discharge as a result of a covered cause of loss, or by accident. The most we will pay for this extension of coverage is \$5,000 in any one policy term.

5. Removal of Property Coverage

Coverage is provided within the specified limits on the Declaration page for covered property while it is being moved, and while it is in a safe place, because of imminent danger of loss or damage. The transit limit does not apply for this extension of coverage. You must advise us within 10 days of the date you move the property for this coverage extension of coverage to apply.

6. Debris Removal Coverage

We will pay the cost to remove all debris from covered property if it is damaged or lost as a result of a covered cause of loss.

7. Interruption by Civil Authority

We will pay for necessary extra expense, or loss of business income for up to two consecutive weeks if access to your covered locations is restricted by order of civil authority. This coverage applies only if access is restricted as a result of a covered cause of loss to your location, or to property located adjacent to your.

J. Conditions in the Event of a Loss

1. Equipment Loss Conditions:

We will adjust a covered loss based on the coverage limits and deductibles shown in the Declarations page, and the replacement cost value of the lost or damaged items. We will pay the total cost to repair or replace the damaged property without deduction for depreciation. However, we will not pay more than the smallest of the following value:

- A. The actual cost to repair or replace the lost or damaged property with new property of the same kind, quality, and capability.
- B. The limit of coverage shown in the Declarations for the damaged property.

2. Data and Media Conditions

- A. If data is lost or damaged from a covered cause of loss, we will pay the actual cost to reproduce the data, up to the limit of coverage, if you actually reproduce the data. We will also pay any reasonable additional expense that you may incur in reproducing the data to continue your normal computer operations. We will not pay for data that cannot be reproduced due to lack of back-up, support documentation or records unless specified articles are described and agreed values are shown on the Declarations page. If shown, we will pay for each article lost.
- B. Media items that are lost or damaged will be covered for actual cost to repair or replace with similar like, kin, and quality, up to the limit shown on the Declarations. Data and Media deductible is included in the Equipment deductible.

3. Extra Expense Loss Conditions

We will pay for the necessary extra expenses you incur from the date the loss or damage happens, for as long as it takes you to reasonably repair or replace lost or damaged computer equipment, data, or media or the building your computer operations are located. Extra expense does not include any expenses you would normally have incurred had no loss happened. We will pay for extra expenses up to the limit shown on the Declarations, but we will not pay more than the actual extra expense you incur. You agree to resume your normal operations as soon as possible after a loss. Extra Expense deductible is included in the Equipment deductible.

4. Business Income Loss Conditions

What we will pay for Business Income by covered loss to property depends on the type of deductible shown on the Declaration page, and whether your computer operation is completely suspended as a result of a covered cause of loss.

- A. **Deductible Provision** If the deductible is a dollar amount, we will deduct that amount from our loss payment. If the deductible is shown as number of hours or days, your Business Income loss will begin after the length of time in business hours or days has elapsed after loss or damage occurs to covered property.
- B. **Complete Suspension** Complete Suspension of your computer operations means you are unable to operate your computer systems as a result of loss or damage to covered property. If complete suspension occurs, we will pay up to the dollar amount per 24-hour day that your operations would normally operate. We will pay for your loss for as long as it takes you to reasonably repair or replace damaged property. However, we will not pay more than the total limit shown on the Declaration page. If during the time it takes to repair or replace the damaged property, you are able to resume partial operations, we will pay the remaining business income loss in Section 3 below.
- C. **Partial Suspension** Partial Suspension of your computer operations means you are able to operate your computer

systems, but not at a full capacity, and you sustain a loss of income as a result. If this occurs as a result of loss or damage to your property, we will pay a percentage of the limit shown for each day. The percentage will be the amount of lost income you normally receive had no loss occurred. We will cover your loss for as long as it takes to reasonably repair or replace the damaged property. However, we will not pay more than the total limit shown on the Declaration page.

D. **Reducing Your Loss** You may be able to reduce your Business Income loss with additional expenses at our request. We will pay any additional expenses you incur that are necessary to reduce your loss, but not more than the amount by which they reduce the loss.

E. **Deductible Conditions**

- a. The deductible shown on the Declaration page for equipment, data, media, and extra expense applies to all of these losses combined. You will pay the amount up to that deductible for any single loss occurrence. We will pay your loss over this amount up to the applicable limits of coverage shown on the Declaration page.
- b. Business Income deductible applies separately for losses from interruption of business caused by loss or damage to covered property by a covered cause of loss. The deductible may be a dollar amount, or a time limit shown in hours or business days. A business day means a 24-hour day that you normally operate your computer operations. The first business day or hour deductible begins at the time the loss to covered property is discovered and your business is suspended.

F. **Other Insurance Loss Condition**

If there is other valid and collectible insurance that specifically provides coverage for a covered loss under this

form, the coverage provided under this form will be excess coverage. Excess coverage means we will only pay after the other coverage is used up. If the other coverage is also considered excess, we will share the loss with the other policy on a pro-rata basis. If other insurance that applies to covered losses is not specifically for data processing equipment, data, media, extra expense or business income, then we will cover as primary insurance. However, we will only pay up to the limits provided, and any loss over and above the limits may be covered by the other insurance.

K. **Other Rules that Apply Under this Form**

1. **Assignment of Your Policy**

You may not assign coverage provided to anyone else without our written consent. However, if you die, your interest will automatically be transferred to your legal representative. If no legal representative is provided, the coverage will apply to whoever has control over the covered property, but only until the expiration date shown in the Declarations.

2. **Other Parties Interest in Covered Property**

If loss occurs to someone else's property, we may adjust the loss directly with the owner of the property. Any such loss settlement will release your rights under the same loss. We will also defend you against any suit brought against you as a result of the loss, or our settlement. If a loss occurs to your property, we will adjust the loss with you. However, if the policy contains a loss payee, or another person or organizations interest in the property, we may make payment to you and the other person or organization based on the financial interest each of you has in the covered property.

3. **Release of Others Liability**

After a loss occurs, you must make every reasonable effort to preserve your rights to recover your loss from others. If you impair those rights, we may not pay for your loss. However, before a loss occurs, you may accept a written release of others for responsibility for future losses to property. You may also accept ordinary bills of lading from a shipper or common carrier that may release their liability for losses.

4. Protection of Property

If a loss occurs, you must take all reasonable effort to protect the property from further damage. We will pay for any reasonable expenses that you incur to protect the property from further damage.

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EMPLOYEE DISHONESTY COVERAGE FORM (Coverage Form A -- Blanket)

A. COVERAGE

We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

1. **Covered Property:** Money, securities, and property other than money and securities.
2. **Covered Cause of Loss:** Employee dishonesty.
3. **Coverage Extension**

Employee Temporarily Outside Coverage Territory:

We will pay for loss caused by any employee while temporarily outside the territory specified in the Territory General Condition for a period not more than 90 days.

B. LIMIT OF INSURANCE

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

C. DEDUCTIBLE

1. We will not pay for loss in any one occurrence unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.
2. You must:
 - a. Give us notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible Amount.
 - b. Upon our request, give us a statement describing the loss.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provision Form, this Coverage Form is subject to the following:

1. **Additional Exclusion:** We will not pay for loss as specified below:
 - a. **Employee Cancelled Under Prior Insurance:**
 - b. **Inventory Shortages:** 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.

2. Additional Condition

Cancellation As To Any Employee: This insurance is cancelled as to any employee:

- a. Immediately upon discovery by:
 - (1) You; or
 - (2) Any of your partners, officers, or directors not in collusion with the employee;

of any dishonest act committed by the employee whether before or after becoming employed by you.

- b. On the date specified in a notice mailed to you. That date will be at least 30 days after the date of mailing. The mailing of notice to you at the last mailing address known to us will be sufficient proof of notice. Delivery of notice is the same as mailing.

3. Additional Definitions

- a. **Employee Dishonesty** in paragraph A.2. means only dishonest acts committed by an employee, whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:
 - (1) Cause you to sustain loss; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) The employee; or
 - (b) Any person or organization intended by the employee to receive that benefit.

- b. **Occurrence** means all loss caused by, or involving, one or more employees, whether the result of a single act or series of acts.

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FORGERY OR ALTERATION COVERAGE FORM
(Coverage Form B)

A. COVERAGE

We will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

1. **Covered Instruments:** Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- a. Made or drawn by or drawn upon you;
 - b. Made or drawn by one acting as your agent;
- or that are purported to have been so made or drawn.

2. **Covered Causes Of Loss:** Forgery or alteration of, on or in any Covered Instrument.

3. **Coverage Extension**

Legal Expenses: 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 pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the Limit of Insurance applicable to this insurance.

B. LIMIT OF INSURANCE

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

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. This provision does not apply to legal expenses paid under the Coverage Extension.

D. ADDITIONAL EXCLUSION, CONDITIONS AND DEFINITION

In addition to the provisions in the Crime General Provisions Form, this Coverage Form is also subject to the following:

1. **Additional Exclusion**

Acts of Employees, Directors, or Trustees:

We will

not pay for loss resulting from any dishonest or criminal act committed by any of your "employees", directors, or trustees:

- a. Whether acting alone or In collusion with other persons

Or

- b. Whether while performing services for you or otherwise.

2. **Additional Conditions**

a. **Facsimile Signatures:** We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

b. **General Amendment:** As respects this Coverage Form, the words Covered Property in the Crime General Provisions Form mean Covered Instruments.

c. **Proof of Loss:** 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.

d. **Territory:** We will cover loss you sustain anywhere in the world.

The Territory General Condition does not apply to this Coverage Form.

3. **Additional Definition**

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

THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE FORM

A. COVERAGE We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1. Inside The Premises

a. Covered Property: "Money" and "securities" inside the "premises" or a "banking premises."

b. Covered Causes of Loss

- (1) "Theft"
- (2) Disappearance
- (3) Destruction

c. Coverage Extensions

(1) **Containers of Covered Property:** We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the "premises" resulting directly from an actual or attempted:

- (a) "Theft" of; or
- (b) Unlawful entry into those containers.

(2) **Premises Damage:** We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of Covered Property if you are the owner of the "premises" or are liable for damage to it.

2. Section 2. Outside the Premises

a. Covered Property: "Money" and "securities" outside the "premises" in the care and custody of a "messenger."

b. Covered Causes of Loss

- (1) "Theft"
- (2) Disappearance
- (3) Destruction

c. Coverage Extension

Conveyance of Property By Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, we will pay only for the amount of loss that you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and
- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

B. LIMIT OF INSURANCE

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

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. **Additional Exclusions:** We will not pay for loss as specified below:
 - a. **Accounting or Arithmetical Errors or Omissions:** Loss resulting from accounting or arithmetical errors or omissions.
 - b. **Acts of Employees, Directors, Trustees or Representatives:** Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:
 - (1) Acting alone or in collusion with other persons; or
 - (2) While performing services for you or otherwise.
 - c. **Exchanges or Purchases:** Loss resulting from the giving or surrendering of property in any exchange or purchase.
 - d. **Fire:** Loss from damage to the "premises" resulting from fire, however caused.

- e. **Money Operated Devices:** Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- f. **Transfer or Surrender of Property**
 - (1) Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises:"
 - (a) On the basis of unauthorized instructions; or
 - (b) As a result of a threat to do:
 - i. Bodily harm to any person; or
 - ii. Damage to any property.
 - (2) But, this exclusion does not apply under COVERAGE, Section 2. to loss of Covered Property while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:
 - (a) Had no knowledge of any threat at the time the conveyance began; or
 - (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
- g. **Vandalism:** Loss from damage to the "premises" or its exterior or to containers of Covered Property by vandalism or malicious mischief.

- h. **Voluntary Parting of Title to or Possession of Property:** Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

2. Additional Condition

Duties in the Event of Loss: If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.

3. Additional Definitions

- a. "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- b. "Messenger" means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."
- c. "Occurrence" means an:
 - (1) Act or series of related acts involving one or more persons; or
 - (2) Act or event, or a series of related acts or events not involving any person.
- d. "Premises" means the interior of that portion of any building you occupy in conducting your business.
- e. "Theft" means any act of stealing.

ROBBERY AND SAFE BURGLARY COVERAGE FORM PROPERTY OTHER THAN MONEY AND SECURITIES

A. **COVERAGE** We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Causes of Loss.

1. **Section 1. Inside The Premises**

a. **Robbery Of A Custodian**

- (1) **Covered Property:** "Property other than money and securities" inside the "premises" in the care and custody of a "custodian."
- (2) **Property Not Covered:** Motor vehicles, trailers, or semi-trailers or equipment and accessories attached to them.
- (3) **Covered Cause of Loss:** Actual or attempted "robbery."
- (4) **Coverage Extension**

Premises Damage: We will pay for loss from damage to the "premises" or its exterior resulting directly from the Covered Cause of Loss, if you are the owner of the "premises" or are liable for damage to it.

b. **Safe Burglary**

- (1) **Covered Property:** "Property other than money and securities" inside the "premises" in a safe or vault.
- (2) **Covered Cause of Loss:** Actual or attempted "safe burglary."
- (3) **Coverage Extension**

Premises, Safe and Vault Damage:
We will pay for loss from damage to:

- (a) The "premises" or its exterior; or
- (b) A locked safe or vault located inside the "premises;"

resulting directly from the Covered Cause of Loss, if you are the owner of the property or liable for damage to it.

2. **Section 2. Outside The Premises**

- a. **Covered Property:** "Property other than money and securities" outside the "premises" in the care and custody of a "messenger."

b. **Property Not Covered:** Motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

c. **Covered Cause of Loss:** Actual or attempted "robbery."

d. **Coverage Extension**

Conveyance Of Property By Armored Motor Vehicle Company: We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, we will pay only for the amount of loss you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and
- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

B. **LIMIT OF INSURANCE**

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

C. **DEDUCTIBLE**

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

D. **ADDITIONAL EXCLUSIONS, CONDITIONS AND DEFINITIONS:** In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. **Additional Exclusions:** We will not pay for loss as specified below:

- a. **Acts of Employees, Directors, Trustees or Representatives:** Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:

- (1) Acting alone or in collusion with other persons; or
 - (2) While performing services for you or otherwise.
- b. Fire: Loss resulting from fire, however caused, except loss from damage to a safe or vault.
- c. **Transfer or Surrender of Property**
- (1) Loss of, or loss from damage to, property after it has been transferred or surrendered to a person or place outside the "premises:"
 - (a) On the basis of unauthorized instructions; or
 - (b) As a result of a threat to do:
 - i. Bodily harm to any person; or
 - ii. Damage to any property.
 - (2) But, this exclusion does not apply under COVERAGE, Section 2. to loss of Covered Property while outside the "premises" in the care and custody of a "messenger" if you:
 - (a) Had no knowledge of any threat at the time the conveyance began; or
 - (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
- d. **Vandalism:** Loss from damage to any property by vandalism or malicious mischief.
2. **Additional Conditions**
- a. **Duties in the Event of Loss:** If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.
 - b. **Special Limit of Insurance for Specified Property:** We will only pay up to \$5,000 for any one "occurrence" of loss of, and loss from damage to:
 - (1) Precious metals, precious or semiprecious 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 of reconstructing them or reproducing any information contained in them.
3. **Additional Definitions**
- a. **"Custodian"** means you, any of your partners or any "employee" while having care and custody of the property inside the "premises," excluding any person while acting as a "watchperson" or janitor.
 - b. **"Messenger"** means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."
 - c. **"Occurrence"** means an:
 - (1) Act or series of related acts involving one or more persons; or
 - (2) Act or event, or a series of related acts or events not involving any person.
 - d. **"Premises"** means the interior of that portion of any building you occupy in conducting your business.
 - e. **"Robbery"** means the taking of property from the care and custody of a person by one who has:
 - (1) Caused or threatened to cause that person bodily harm; or
 - (2) Committed an obviously unlawful act witnessed by that person.
 - f. **"Safe Burglary"** means the taking of:
 - (1) Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
 - (2) A safe or vault from inside the "premises."
 - g. **"Watchperson"** means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

LIABILITY FOR GUESTS' PROPERTY PREMISES COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or 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.

Words and phrases in quotation marks are defined in the policy.

A. COVERAGE We will pay those sums that you become legally obligated to pay as damages because of loss or destruction of, or damage to Covered Property. We have the right and duty to defend any suit brought against you seeking damages that are payable under this insurance.

1. **Covered Property:** Any property, other than that specified as Property Not Covered, belonging to your guests while the property is in:
 - a. The "premises;" or
 - b. Your possession.
2. **Property Not Covered**
 - a. **Samples, Articles for Sale:** Samples or articles carried or held for sale or for delivery after sale.
 - b. **Vehicles:** Any vehicle including:
 - (1) Its equipment and accessories; and
 - (2) Any property contained in or on a vehicle.
3. **Supplementary Payments:** If we defend any suit, we will pay with respect to:
 - a. **Expenses**
 - (1) Reasonable expenses you incur at our request;
 - (2) Expenses we incur; and
 - (3) Costs charged against you.
 - b. **Interest**
 - (1) Interest on the full amount of any judgment that accrues:
 - (a) After entry of the judgment; and

- (b) Before we pay, offer to pay or deposit in court that part of the judgment for which we are liable under this insurance.

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

- c. **Loss of Wages or Salary:** Actual loss of wages or salary (but not other income) because of required attendance at hearings or trials connected with the suit. But, we will not pay more than \$100 per day under this part of the Supplementary Payments.

- d. **Premiums for Bonds:** Premiums for the following types of bonds having penalties totaling not more than the Limit of Insurance shown in the DECLARATIONS:

- (1) Appeal bonds required in the suit; and

- (2) Bonds to release attachments.

But, we do not have to apply for or furnish those bonds.

Our liability for Supplementary Payments is in addition to the Limit of Insurance shown in the DECLARATIONS.

B. LIMIT OF INSURANCE

1. The most we will pay in the aggregate for all damages because of loss or destruction of or damage to Covered Property in any one "occurrence" is the Per Occurrence Limit of Insurance shown in the DECLARATIONS.

2. Subject to the applicable limit stated in 1. above, the most we will pay for all damages because of loss or destruction of or damage to property of any one guest is the Per Guest Limit of Insurance shown in the DECLARATIONS.

All loss, destruction or damage involving a single act or series of related acts whether caused by one or more persons is considered one "occurrence."

C. EXCLUSIONS, CONDITIONS, DEFINITIONS:

This insurance is subject to the following:

1. **Exclusions:** We will not pay for damages arising out of, or the defense of any suit connected with, any of the following:
 - a. **Acts Committed by You or Your Partners:** Loss or destruction of, or damage to property resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.
 - b. **Assumed Liability:** Liability you assume under any written agreement. But this exclusion does not apply to any written agreement entered into with a guest before the "occurrence" of any loss, destruction or damage that increases to an amount not exceeding \$1,000 any lesser amount for which you may otherwise be liable under any statute.
 - c. **Fire:** Destruction of, or damage to property resulting from fire.
 - d. **Food or Liquid:** Destruction of, or damage to property resulting from the spilling, upsetting or leaking of any food or liquid.
 - e. **Governmental Action:** Loss or destruction of, or damage to property resulting from seizure or destruction of the property by order of governmental authority.
 - f. **Inherent Vice:** Destruction of or damage to property resulting from insects, animals, wear and tear, gradual deterioration or inherent vice.
 - g. **Laundering or Cleaning:** Destruction of, or damage to property while in your care and custody for laundering or cleaning.
 - h. **Nuclear:** Loss or destruction of, or damage to property resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
 - i. **Release of Others from Liability:** Your release of any other person or organization from legal liability.
 - j. **War and Similar Actions:** Loss or destruction of, or damage to property resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.
2. **Conditions:**
 - a. **Bankruptcy:** Your or your estate's bankruptcy or insolvency will not relieve us of our obligations under this insurance.
 - b. **Defense, Investigation and Settlement:**
 - (1) We may investigate and settle any claim or suit as we deem expedient.
 - (2) We will not defend any suit after having paid judgments or settlements equal to the applicable Limit of Insurance shown in the DECLARATIONS.
 - c. **Duties in the Event of Loss, Claim, or Suit:** In the event of loss, claim or suit you must:
 - (1) Notify us promptly of any loss, destruction or damage that may result in a claim;
 - (2) Give us prompt, written notice of any claim made or suit brought against you and:
 - (a) Send us immediately, copies of any demands, notices, summonses or legal papers received in connection with the claim or suit;
 - (b) Authorize us to obtain records and other information; and
 - (c) Cooperate with us in the defense, investigation or settlement of the claim or suit.

You may not voluntarily make a payment, assume any obligation or incur any expense without our consent.

If you have reason to believe that any loss or destruction of, or damage to Covered Property involves a violation of law, you must notify the police.
 - d. **Joint Insured**
 - (1) If more than one Insured is named in the DECLARATIONS the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
 - (2) If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.

- (3) We will not pay more for damages for which more than one Insured is liable than the amount we would pay if one Insured were liable for the damages.

e. Legal Action Against Us

No person or organization has a right under this insurance:

- (1) To name us as a co-defendant in a suit asking for damages from you; or
- (2) To sue us on this insurance unless all of its terms have been fully complied with.

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

f. Non-Cumulation of Limit of Insurance

Limits of Insurance stated in the DECLARATIONS do not cumulate from year to year or period to period.

g. Other Insurance

This insurance does not apply to damages recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the damages, this insurance will apply to that part of the damages not recoverable or recovered under the other insurance.

h. Policy Period

- (1) The Policy Period is the period shown in the DECLARATIONS.
- (2) We will pay only for damages because of loss or destruction of, or damage to Covered Property occurring during the Policy Period.

i. Territory

We will pay only for damages because of your legal liability for loss or destruction of, or damage to Covered Property occurring within the United States of America, U.S. Virgin Islands, Puerto Rico, Canal Zone or Canada.

j. Transfer of Your Rights of Recovery Against Others to Us

You must transfer to us all your rights of recovery against any person or organization pertaining to the loss for which you were liable and for which we have paid damages or made a settlement. You must do everything necessary to secure these rights and do nothing to impair them.

3. Definitions:

a. "Occurrence" means an:

- (1) Act or series of related acts involving one or more persons; or
- (2) Act or event, or a series of related acts or events not involving any person.

b. "Premises" means the interior of that portion of any building at a location shown in the Declarations that you occupy in conducting your business.

CRIME GENERAL PROVISIONS

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or 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.

Words and phrases in quotation marks are defined in the policy.

Unless stated otherwise in any Crime Coverage Form, DECLARATIONS or endorsement, the following General Exclusions, General Conditions and General Definitions apply to all Crime Coverage Forms forming part of this policy.

A. GENERAL EXCLUSIONS: We will not pay for loss as specified below:

1. **Acts Committed by You or Your Partners:** Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.
2. **Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.
3. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:
 - 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. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
 - c. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.
4. **Legal Expenses:** Expenses related to any legal action.

5. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
6. **War and Similar Actions:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

B. GENERAL CONDITIONS

1. **Consolidation Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:
 - a. Any additional persons become "employees;" or
 - b. You acquire the use and control of any additional "premises;"
 any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises," but only if you:
 - a. Give us written notice within 30 days thereafter; and
 - b. Pay us an additional premium.
2. **Coverage Extensions:** Unless stated otherwise in the Coverage Form, our liability under any Coverage Extension is part of, not in addition to, the Limit of Insurance applying to the Coverage or Coverage Section.
3. **Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.
4. **Duties in the Event of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:
 - a. Notify us as soon as possible.
 - b. Submit to examination under oath at our request and give us a signed statement of your answers.
 - c. Give us a detailed, sworn proof of loss within 120 days.
 - d. Cooperate with us in the investigation and settlement of any claim.

5. Joint Insured

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

6. Legal Action Against Us: You may not bring any legal action against us involving loss:

- a. Unless you have complied with all the terms of this insurance; and
- b. Until 90 days after you have filed proof of loss with us; and
- c. Unless brought within 2 years from the date you discover the loss.

7. Loss Covered Under More Than One Coverage of This Insurance: If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

- a. The actual amount of loss; or
- b. The sum of the limits of insurance applicable to those coverages.

8. Loss Sustained During Prior Insurance

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

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

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

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

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

9. Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate: If any loss is covered:

- a. Partly by this insurance; and
- b. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

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

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

11. Other Insurance: This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity. However, this insurance will not apply to the amount of loss that is more than the applicable Limit of Insurance shown in the DECLARATIONS.

12. Ownership of Property; Interests Covered: The property covered under this insurance is limited to property:

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

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

13. Policy Period

- a. The Policy Period is shown in the DECLARATIONS.
- b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

14. Records: You must keep records of all Covered Property so we can verify the amount of any loss.

15. Recoveries

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

16. Territory: This insurance covers only acts committed or events occurring within the United States of America, U. S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.

17. Transfer of Your Rights of Recovery Against Others to Us: You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

18. Valuation Settlement

a. Subject to the applicable Limit of Insurance provision we will pay for:

- (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
 - (a) At face value in the "money" issued by that country; or
 - (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
- (2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
 - (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities;"
 - (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities." However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - i. Value of the "securities" at the close of business on the day the loss was discovered; or
 - ii. Limit of Insurance.
- (3) Loss of, or loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:
 - (a) Actual cash value of the property on the day the loss was discovered;

(b) Cost of repairing the property or "premises;" or

(c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

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

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

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

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

C. GENERAL DEFINITIONS

1. "Employee" means:

a. Any natural person:

(1) While in your service (and for 30 days after termination of service); and

(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; or

b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the "premises."

But "employee" does not mean any:

(1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

3. "Property Other Than Money and Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Crime Coverage Form as Property Not Covered.

4. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

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

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

but does not include "money."

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IF CAREFULLY.

INCLUDE AS COVERED PROPERTY OR LIMIT COVERED
PROPERTY TO MONEY AND SECURITIES

This endorsement applies only to the ROBBERY AND SAFE BURGLARY COVERAGE FORM D.

A. SCHEDULE*

1. **Covered Property** in item A, 1.a.(1) is changed to: "Money and Securities" inside the "premises" in the care and custody of a "custodian".
2. **Covered Property** in item A, 1.b.(1) is changed to: "Money and Securities" in a safe or vault within the "premises" or "banking premises".
3. **Covered Property** in item A, 2.a. is changed to: "Money and Securities" outside the "premises" in the care and custody of a "messenger."

B. PROVISIONS

1. Covered Property is amended as shown in the SCHEDULE.
2. We will also pay under the **Premises, Safe and Vault Damage Coverage Extension** in item A, 1.b.(3) for loss of a locked safe located within the "premises" resulting directly from the Covered Cause of Loss, if you are the owner of the safe.
3. The Fire Additional Exclusion is changed to:
 - b. Fire: loss resulting from fire, however caused, except loss of "Money" or "Securities" or loss from damage to a safe or vault from fire that is incidental to a Covered Cause of Loss.
4. The following Additional Exclusion is added:
Money Operated Devices: loss of "money" contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
5. The following Additional Definition is added:
"Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCLUDE FIRE DAMAGE

This endorsement applies only to the LIABILITY FOR GUESTS' PROPERTY PREMISES COVERAGE FORM L.

PROVISIONS

We will pay for damages you are obligated to pay that arise from destruction of or damage to Covered Property caused by fire.

The Fire Exclusion is deleted.

State National Insurance Company

P.O. BOX 24622

Fort Worth, TX 76124-1622

CMP003816-1

Decl. 001

New Policy

This declaration is effective 06/01/2019

Term is from 06/01/2019 to 06/01/2020

All dates are as of 12:01 A.M. Standard Time at the insured's address

First Insured

Agency:C1021

Ragged Point Inn, LP
Jim Ramey
19019 Highway 1
Ragged Point, CA 93452

Morris & Garritano
Insurance Agency
1122 Laurel Lane
San Luis Obispo, CA 93406
805-543-6887

MANUSCRIPT ENDORSEMENT

As Respects To Loss Payee Cisco Systems Capital Corp

The Following Contract Numbers

#25387172 : #25300457 ; #25249086 ; #25370572

State National Insurance Company

P.O. BOX 24622

Fort Worth, TX 76124-1622

CMP003816-1

Decl. 003

ENDORSEMENT

This declaration is effective 06/01/2019
Term is from 06/01/2019 to 06/01/2020
All dates are as of 12:01 A.M. Standard Time at the insured's address

First Insured

Agency:C1021

Ragged Point Inn, LP
Jim Ramey
19019 Highway 1
Ragged Point, CA 93452

Morris & Garritano
Insurance Agency
1122 Laurel Lane
San Luis Obispo, CA 93406
805-543-6887

P O L I C Y C H A N G E S

Effective 6/1/2019, the policy is amended as follows:

Wells Fargo Bank is deleted as mortgagee.

P R E M I U M R E C A P

Premium Due	\$ 0.00
CA Surcharge	\$ 0.00
Total Due	\$ 0.00

Issue Date 07/26/2019 Pay Plan TEN-IN-1 Print Date 07/26/2019

COUNTERSIGNED:

Authorized Representative

State National Insurance Company

P.O. BOX 24622

Fort Worth, TX 76124-1622

CMP003816-1

Decl. 003

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MANUSCRIPT ENDORSEMENT

As Respects To Loss Payee Cisco Systems Capital Corp

The Following Contract Numbers

#25387172 : #25300457 ; #25249086 ; #25370572

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - DESIGNATED WORK

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE Description of your work

Any and all construction and development operations and services

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

This insurance does not apply to "bodily injury, " or "property damage" included in the "products-completed operations hazard" and arising out of "your work" shown in the Schedule.

write a variety of insurance products, including general liability insurance, commercial liability insurance, commercial multi-peril insurance, property insurance, and workers compensation insurance. The company reinsures substantially all of the underwriting and operating risks in connection with issuing carrier arrangements.

Lender Services

In State National's Lender Services segment, the company provides various portfolio protection products including Collateral Protection Insurance (CPI). These products insure personal automobiles, light trucks, SUVs and other vehicles held as collateral for loans made by credit unions, banks and specialty finance companies. State National primarily markets directly to financial institutions, and agents make up only a small part of how the company markets its products.^[9]

Lenders purchase portfolio protection to provide coverage for automobiles or other vehicles of borrowers who do not uphold their obligation to insure the collateral underlying the loan. State National manages all aspects of the insurance business cycle, including sales and marketing, policy issuance, policy administration, underwriting and claims handling.

State National services portfolio protection insurance clients through InsurTrak (<http://www.insurtrak.com>), the company's proprietary technology platform that allows both State National and its clients to track and manage a CPI program.

In 2009, State National entered into an exclusive relationship with CUNA Mutual to provide collateral protection insurance in the credit union marketplace.^[10] The partnership created the company's largest one-year increase into the credit union market.^[1] In June 2014, the two companies renewed their alliance in a contract valid through July 2018.^[11]

References

1. Moed, Joyce (May 2012). "Under the Hood at State National Companies". *Credit Union Business Magazine* (Volume 7, Issue 5). CU Business Magazine, Inc.
2. <http://www3.ambest.com/ratings/entities/CompanyProfile.aspx?BL=0&ambnum=10681&AltNum=208010681&AltSrc=3>
3. <http://www.nasdaq.com/symbol/snc/real-time>
4. http://media.corporate-ir.net/media_files/IROL/25/253762/pdf/State%20National%20Comp
5. "Hot 100" (http://issuu.com/keymedia/docs/iba_2.06?e=1100026/11008260). *Insurance Business America* (2.06). Key Media. January 2015. Retrieved 22 April 2015.
6. <http://www.statenational.com/about-us/news/20160209.asp>
7. <http://www.prnewswire.com/news-releases/markel-to-acquire-state-national-300494409.html>
8. "Downgraded Meadowbrook Signs Deal with State National for 'A'- Rated Policies" (<http://www.insurancejournal.com/news/national/2013/08/05/300687.htm>). *Insurance Journal*. Wells Media Group. August 5, 2013. Retrieved 21 April 2015.
9. Hyle, Robert Regis. "To the Rescue" (<http://www.propertycasualty360.com/2008/12/01/to-the-rescue>). *TechDecisions* (December 1, 2008). Summit Professional Networks. Retrieved 21 April 2015.
10. "CUNA Mutual Teams With State National Companies". *Credit Union Times*. ALM Media. August 12, 2009.
11. Samaad, Michelle (June 8, 2014). "CUNA Mutual, State National Renew Insurance Pact" (<http://www.cutimes.com/2014/06/18/cuna-mutual-state-national-renew-insurance-pact>). *Credit Union Times*. ALM Media, LLC. Retrieved 22 April 2015.

External links

- [State National Companies Official website \(http://www.statenational.com\)](http://www.statenational.com)
- [State National Companies Investor Relations website \(http://ir.statenational.com\)](http://ir.statenational.com)
- [InsurTrak \(http://www.insurtrak.com\)](http://www.insurtrak.com)
- [CUNA Mutual \(http://www.cunamutual.com\)](http://www.cunamutual.com)

Retrieved from "https://en.wikipedia.org/w/index.php?title=State_National_Companies&oldid=924323162"

This page was last edited on 3 November 2019, at 04:01 (UTC).

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**WILEY RAMEY
ATTORNEY AT LAW**

9520 Castillo Drive
San Simeon, CA93452

(805) 924- 3010 tel
(805) 924- 3011 fax

Attorney Client Retainer Agreement

Client Ragged Point Inn, LP employs attorney Wiley Ramey to represent it in connection with business interruption insurance.

Client is to pay attorney 1/3 of any recovery whether by Trial or Settlement. Client is to pay attorney an advance of \$2,500.00 for costs advanced payable now. Client is responsible for any costs which attorney estimates could reach \$10,000.00, if costs exceed that figure, client and attorney will negotiate the basis for that. Costs in this case, among other things, secretarial time devoted to this particular case to be charged at the rate of \$35.00 per hour. Attorney will itemize. Attorney's fees will act as a lien against any cause of action or claim.

Attorney will associate with Luther Beck, Jr. from Georgia in negotiating and prosecuting this action and fees will be shared. Costs incurred by Mr. Beck will be separately billed to Client.

Client agrees to keep attorney advised of his whereabouts at all times while the matter is pending. Client understands that the attorney's fee will act as a lien against any subsequent settlement. Attorney agrees to pursue the claim or litigation with his best effort but does not guarantee the outcome. Client understands that the fee agreement is negotiable and is not required by law.

Dated: _____

5-22-2020

Ragged Point Inn, LP
by James Ramey, Managing Partner (Client)

Dated: _____

Wiley Ramey (Attorney)

“EXHIBIT 2”

**AMENDMENT TO LOCAL EMERGENCY ORDER AND REGULATION NO. 4
COVID-19**

MANDATORY SHELTER AT HOME -- ALL INDIVIDUALS LIVING IN THE COUNTY; EXCEPT THAT INDIVIDUALS MAY LEAVE TO PROVIDE OR RECEIVE CERTAIN ESSENTIAL SERVICES OR ENGAGE IN CERTAIN ESSENTIAL ACTIVITIES AND WORK FOR ESSENTIAL BUSINESSES AND GOVERNMENTAL SERVICES; EXEMPTING INDIVIDUALS EXPERIENCING HOMELESSNESS BUT URGING HOMELESS TO FIND SHELTER AND GOVERNMENT AGENCIES TO PROVIDE IT; DIRECTING ALL BUSINESSES AND GOVERNMENTAL AGENCIES TO CEASE NON-ESSENTIAL OPERATIONS AT PHYSICAL LOCATIONS IN THE COUNTY; PROHIBITING ALL NON-ESSENTIAL GATHERINGS OF ANY NUMBER OF INDIVIDUALS; AND CESSATION OF NON-ESSENTIAL TRAVEL

Please read this amendment to order carefully. Violation of or failure to comply with this order is a misdemeanor punishable by fine, imprisonment, or both. (County Code § 2.80.130.)

WHEREAS, at 6.30 p.m. on March 18, 2020, the San Luis Obispo County Emergency Services Director, in coordination with the County Health Officer and with the support of the seven cities within San Luis Obispo County, issued Local Emergency Order and Regulation No. 4 ("Order No. 4") mandating cessation of certain activities and directing that all residents of the county shelter at home;

WHEREAS, the terms "Minimum Basic Operations" and "Essential Travel" are referenced in the order but not defined;

WHEREAS, the purpose of this Amendment to Local Emergency Order and Regulation No. 4 is to set forth the definitions of Minimum Basic Operations and Essential Travel for Order No. 4. and make clear the County Health Officer's concurrence with Order No. 4 by ratifying said order in full;

NOW, THEREFORE, it is ordered as follows:

1. The above recitals are true and correct and are incorporated herein by this reference.
2. For purposes of Order No. 4, the term "Minimum Basic Operations" shall mean the necessary activities related to security, maintaining the value of inventory, processing payroll and benefits, processing accounts payable/receivables, and ensuring that employees are working remotely. The term Minimum Basic Operations does not include opening the place of business to members of the public.

3. For the purposes of Order No. 4, "Essential Travel" includes travel within or without the County, or between the various counties, for any of the following purposes:
 - (a) Any travel related to the provision of or access to Essential Activities, Essential Governmental Functions or Services, Essential Businesses, or Minimum Basic Operations.
 - (b) Travel to care for elderly, minors, dependents, persons with disabilities, or other vulnerable persons.
 - (c) Travel to or from educational institutions for purposes of receiving materials for distance learning, for receiving meals, and any other related services.
 - (d) Travel to return to a place of residence from outside the jurisdiction.
 - (e) Travel required by law enforcement or court order.
 - (f) Travel necessary to vote in any election or to lodge protests for any new or proposed increase to any tax, assessment or property related fee.
 - (g) Travel required for non-residents to return to their place of residence outside the County. Individuals are strongly encouraged to verify that their transportation out of the County remains available and functional prior to commencing such travel.
4. Pursuant to Government Code sections 26602 and 41601 and Health and Safety Code section 101029, the Health Officer requests that the Sheriff and all chiefs of police in the County ensure compliance with and enforce this order. The violation of any provision of this Order constitutes an imminent threat to public health.
5. This Amendment to Order No. 4 shall be effective immediately.

A copy of this Amendment to Order No. 4 shall be posted on all outside public access doors of the new County Government Center of the County of San Luis Obispo and in one public place within any area of the County within which this order and regulation applies, and personnel of the County of San Luis Obispo shall endeavor to make copies of this order and regulation available to the news media.


Date: 1130


Emergency Services Director

Time: 21 MAR 2020

I, Penny Borenstein, County Health Officer, hereby ratify in full this Amendment and all previously issued local emergency orders and regulations issued by the Emergency Services Director in response to the COVID-19 emergency proclamation issued by the Director on March 13, 2020.

Date: 3/21/2020



County Health Officer

“EXHIBIT 3”



SureProducts
INSURANCE AGENCY

April 2, 2020

Sherry Allen
Ragged Point Inn, LP
19019 Highway 1
Ragged Point, CA 93452

RE:
Insured : Ragged Point Inn, LP
Location : 19019 Highway 1
Ragged Point, CA
Claim No. : 2020-900043
Policy No. : CMP003816-1
Date of Loss : 3-18-20

Dear Ms. Allen:

SureProducts Insurance acts as the Managing General Agent and Claims Manager for State National Insurance Company who insures the above captioned property.

We are in receipt of the loss notice provided by your agent, Morris & Garritano Insurance Agency, reporting a business income loss resulting from the Shelter-in-Place orders imposed by state and local authorities, the orders imposed as a result of the Covid 19 virus. The order was imposed on March 18, 2020.

We refer you to the **Business Income Coverage Form (And Extra Expense), form CP 00 30, 10/91 ed.**

A. Coverage

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss of or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

3. Additional Coverages

b. Civil Authority. We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that

Sherry Allen
Ragged Point Inn, LP
4-2-20

prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. This coverage will apply for a period of up to two consecutive weeks from the date of that action.

Your claim is that as a result of the Covid 19 virus and resultant Shelter-in-Place orders, you have sustained a business income loss.

We regret to advise that it is our posture that no coverage is afforded for any business income loss sustained and claimed, as there is no "direct physical loss of or damage to property" as required under the cited coverage.

In addition to the above-cited policy provisions, we refer you to the following relevant language found in your **Commercial Property Conditions, Form CP0090**.

D. Legal Action Against Us

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

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

Please note that in California, the policies' two-year suit limitation is tolled from the time the insured first reports the claim until which time the claim, or partial claim is denied, except where the limitation period has already expired prior to the time the claim was first reported.

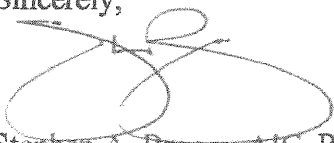
Should you have any additional information you wish us to consider, which you believe may materially affect our coverage decisions outlined herein, please submit the same, in writing, for our consideration.

We are required by the California Insurance Regulations, Section 2695.70(b) to advise you that if believe that this claim or any part of this claim, or any part of this claim, has been wrongfully denied or rejected, you have the matter reviewed by the California Department of Insurance, Claims Service Bureau, 300 S. Spring Street, 11th Floor, Los Angeles, California 90013, (800) 927-4357.

Please contact me with any questions or comments regarding this matter. I can be reached at (800) 365-2203, ext. 2, or via email at steve.broom@sureproducts.com.

Sherry Allen
Ragged Point Inn, LP
4-2-20

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Broom', with a large, stylized flourish below the name.

Stephen A. Broom, AIC, RPA
Vice President, Claims
SureProducts Insurance
Managing General Agent and Claims Manager for State National Insurance Company

cc: Morris & Garritano Insurance Agency

“EXHIBIT 4”

HAYES SCOTT BONINO ELLINGSON
GUSLANI SIMONSON & CLAUSE LLP

Ryan Z. Keller, Esq. | Direct Line: 650.486.2886 | Email: rkeller@hayesscott.com | www.hayesscott.com

January 5, 2021

VIA United States Mail

Wiley Ramey
Attorney at Law
9520 Castillo Drive
San Simeon, California 93452

Re: Ragged Point Inn
Policy No.: CMP003816-1 ("Policy")
Claim No.: 2020-900043 ("Claim")

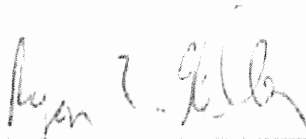
Dear Mr. Ramey,

We have been retained by State National Insurance Company regarding the above-mentioned Claim. We are in receipt of your December 11, 2020 letter received by State National on December 18, 2020 and hereby respond to same.

State National hereby waives the Arbitration Agreement Endorsement provision in the Policy.

If you have any questions, please feel free to contact me. Please send an e-mail copy of any correspondence to rkeller@hayesscott.com. Please also advise of your e-mail address.

Sincerely,



Stephen M. Hayes
Ryan Z. Keller

RZK/dm

“EXHIBIT 5”

May 19, 2020

Via Registered Mail

COVID-19 NOTICE LETTER

To: Facility Management, Short-Term Lodging Facilities within the Coastal Zone of San Luis Obispo County
See attached service list.

From: Dr. Penny Borenstein, County Public Health Officer, San Luis Obispo County
Wade Horton, Emergency Services Director, San Luis Obispo County

CC: Jim Lewis, City Manager, Pismo Beach
Scott Collins, City Manager, Morro Bay
Matthew Bronson, City Manager, Grover Beach

Date: May 18, 2020

**Re: Short Term Lodging Occupancy Restrictions During COVID-19 Emergency
Local Emergency Order and Regulation No. 6**

The County of San Luis Obispo (County) has been successful in minimizing the spread of the COVID-19 virus within our community. This success is due to the community taking the threat of COVID-19 seriously, sheltering at home and complying with sanitizing procedures and social distancing requirements. Because of this success, our County is submitting certification to the State that will allow us to move through the State's Resiliency Roadmap and the Stage 2 expansion. This expansion will allow for low risk businesses to re-open, including in-store retail and in-restaurant dining.

Unfortunately, some areas surrounding our county have not been as successful in slowing the spread of COVID-19. While we normally welcome people from those areas to come here and enjoy our community, now is not the time. On May 16, 2020, recognizing that one of the greatest risks to community spread of COVID-19 is through infected individuals traveling to San Luis Obispo, particularly our beach communities, the County Health Officer and Emergency Services Director issued Emergency Order and Regulation No. 6 which limits the occupancy for short term lodging facilities within the county. Consistent with the State's Order, all short term lodging facilities may only be used to temporarily house "essential workers" or for COVID-19 mitigation. A copy of the order can be found on the County's readyslo.org website per the following link:

<https://www.emergencyslo.org/en/resourcesGeneral/Public-Health-Order-No.-6.pdf>

Section 4 of the order limits a short-term lodging facility's occupancy to no more than 50% per day. Exceptions can be made on an individual basis by the County Health Officer. This section

also states “[u]pon demand by any authority enforcing this Order, a lodging facility shall provide its occupancy rates and any information requested by the enforcing authority to substantiate the facility’s actual occupancy rate for any dates being requested while [the] Order is in effect.”

PLEASE BE ADVISED THAT THE COUNTY HEREBY DEMANDS DAILY OCCUPANCY INFORMATION FOR EACH SHORT-TERM LODGING THAT IS LISTED ON THE ATTACHED SERVICE LIST¹ FOR THE DATES OF MAY 22-25, 2020. Occupancy information may be submitted by e-mailing the County’s COVID Enforcement Team: Covid-Compliance@co.slo.ca.us. Occupancy information must be submitted for each of these days no later than Wednesday, May 27, 2020. Failure to comply will result in prompt enforcement action.

We know that the short-term lodging industry is being severely impacted by COVID-19 and the need to limit social interactions and travel. However, the solution to that problem is through compliance with public health orders and positioning our county and our community for continued success in fighting the spread of COVID-19 thus allowing our local economy to safely re-open as soon as possible. This includes your business too. We are all in it together. Failure to comply with these public health orders puts all our hard work and success in jeopardy. Comply with the Order, keep our community safe, and allow our economy to move forward towards re-opening. The County will continually evaluate the need for this Order every 14 days.

Thank you for working with us as we continue to try to move our county through this very challenging period.

¹ This list is not exhaustive, and the County intends on notifying additional short term lodging facilities and requesting occupancy information.