



DOCUMENT SPLIT INTO MULTIPLE PARTS

STATE OF CLEVELAND COUNTY PART A

FILED

MAY 27 2020

In the office of the Court Clerk MARILYN WILLIAMS

IN THE DISTRICT COURT OF CLEVELAND COUNTY STATE OF OKLAHOMA

KUSUM HOSPITALITY MANAGEMENT, INC., d/b/a KUSUM MANAGEMENT COMPANY,

Plaintiff,

v.

MT. HAWLEY INSURANCE COMPANY, and HOMELAND INSURANCE COMPANY OF NEW YORK,

Defendants.

Case No. CV-2020-935

PETITION FOR DECLARATORY JUDGMENT

Plaintiff Kusum Management Inc. d/b/a Kusum Management Company ("Kusum" or "Plaintiff"), through its undersigned counsel, requests Declaratory Judgment pursuant to 12 O.S. § 1651, regarding coverage for Business Income and Extra Expense and Civil Authority, under an "all-risk" Property Policy issued by Defendant Mt. Hawley Insurance Company ("Mt. Hawley"), Policy No. MCP0169828 ("Mt. Hawley Policy"), and a follow form Excess Property Policy issued by Homeland Insurance Company of New York ("Homeland"), Policy No. 795-01-13-10-0000 ("Homeland Policy") (collectively "Defendants").

1. Plaintiff is a domestic company, owning several hotel properties in the state of Oklahoma. Plaintiff specifically owns Super 8 Enid in Enid, Oklahoma, Staybridge Suites in Oklahoma City, Oklahoma, Quality Inn in Oklahoma City, Oklahoma, Holiday Inn Express in Edmond, Oklahoma, Hampton Inn Suites in Norman, Oklahoma, Hyatt Place in Oklahoma City, Oklahoma, and Candlewood Suites in Moore, Oklahoma.

2. Upon information and belief, Defendant Mt. Hawley is a foreign insurer doing business in the state of Oklahoma.

3. Upon information and belief, Defendant Homeland is a foreign insurer doing business in the State of Oklahoma.

4. The matter in controversy exceeds, exclusive of interest, the sum of seventy-five thousand dollars (\$75,000.00). Venue is proper pursuant to 12 O.S. § 137.

5. Plaintiff, as the named insured, owns revenue generating properties in the State of Oklahoma.

6. Policy No. MCP0169828, underwritten by Defendant Mt. Hawley provides “all-risk” benefits for a policy period from December 15, 2019 to December 15, 2020. *Ex. 1, Mt. Hawley Policy*. Some of the provisions of the policy, among others¹, provide benefits including business income (and extra expense) and interruption by civil authority to multiple Kusum properties in central Oklahoma including a hotel in Cleveland County. Plaintiff has paid all premiums for the coverage. The Policy Declarations reflect that the policy limit of said coverages is ten million dollars (\$10,000,000.00).

7. Specifically, the Business Income (and Extra Expense) Coverage in the Mt. Hawley Policy provides as follow:

A. Coverage

1. Business Income

Business Income means the:

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

* * *

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

¹ Plaintiff reserves the right to assert additional coverages provide benefits and rely upon policy language not contained in this initial pleading.

damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.

Ex. 1, Mt. Hawley Policy.

8. "Covered Causes of Loss" means "risks of direct physical loss" unless subject to limitations or exclusions. Neither "risk of direct physical loss" nor "direct physical loss" is defined in the Mt. Hawley Policy. Kusum further contends no valid limitations or exclusions exist as to preclude or limit coverage under the Mt. Hawley Policy. *Ex. 1, Mt. Hawley Policy.*

9. The Policy defines "Suspension" and "Operations" as follows:

"Suspension" means:

- a. The slowdown or cessation of your business activities; or
- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

* * *

"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.

Ex. 1, Mt. Hawley Policy.

10. Specifically, the Civil Authority Coverage in the Mt. Hawley Policy provides as follows:

5. Additional Coverages

a. Civil Authority

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

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by

action of civil authority that prohibits access to the described premises, provided that both of the following apply:

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

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

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

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

Ex. 1, Mt. Hawley Policy.

11. Specifically, the Mt. Hawley Policy provides Extended Business Coverage as follows:

c. Extended Business Income

(1) Business Income Other Than “Rental Value”

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

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

- (ii) 30 consecutive days after the date determined in (1)(a) above.

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

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

Ex. 1, Mt. Hawley Policy.

- 12. Specifically, the Mt. Hawley Policy provides Extra Expense coverage as follows:

2. Extra Expense

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

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

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

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

Ex. 1, Mt. Hawley Policy.

- 13. Policy No. 795-01-13-10-000, underwritten by Homeland provides excess property coverage in a following form policy for a policy period from December 15, 2019 to December 15, 2020. *Ex. 2, Homeland Policy.* Some of the provisions of the policy, among others, provide

benefits including business income to multiple Kusum properties in central Oklahoma, including a hotel in Cleveland County. Kusum has paid all premiums of the coverage. The Policy Declarations reflect that the policy limit of said coverage is for amounts up to forty million five hundred and twenty-six thousand two hundred and sixteen dollars (\$40,526,216).

14. The Homeland Policy is titled “Excess Property Policy-Following Form” and provides “[t]he insurance provided by this Policy will be subject to the same terms, conditions, limitations and exclusions as the property coverage provided under the ‘primary underlying insurance....’” *Ex. 2, Homeland Policy.*

15. On or about March 15, 2020, Oklahoma Governor Kevin Stitt utilized his powers pursuant to Section 2 of Article VI of the Oklahoma State Constitution and 63 O.S. §§ 6101-6900 of the Oklahoma Statutes, specifically 63 O.S. § 6401, and issued Executive Order 2020-07. Executive Order 2020-07 declared an emergency caused by the impending threat of COVID-19 and/or the COVID-19 pandemic to the people of Oklahoma and the public’s peace, health and safety. Governor Stitt’s Executive Order applies to all seventy-seven (77) counties in Oklahoma. *Ex. 3, Executive Order 2020-07.*

16. Effective March 25, 2020 at 11:59 p.m., per paragraph No. 20 of Governor Stitt’s Executive Order, all businesses not identified as being within a critical infrastructure sector were ordered to close to the public. *Ex. 4, Fourth Amended Executive Order 2020-07 (03/24/20) at ¶ 20.* Plaintiff is not identified as being within a critical infrastructure sector. Further, pursuant to paragraph No. 19 of the Executive Order, all social gatherings of more than ten people were prohibited. *Id. at ¶ 19.* The Executive Order by Governor Stitt was effective until April 30, 2020. *Ex. 5, Eight Amended Executive Order 2020-07 (04/02/20) at ¶¶ 19-20.*

17. Mayors of the cities of Oklahoma City, Norman, Moore, Edmond, and Enid issued orders or proclamations requiring the suspension of operations of businesses deemed non-essential. Kusum has operations in each of these locales. *Ex. 6, Oklahoma City Revised Proclamation of State of Emergency; Ex. 7, Norman Proclamation 2020-04 at § 15(B), p. 3; Ex. 8, Moore Emergency Proclamation; Ex. 9, Edmond Declarations of Emergency, Ex. 10, City of Enid Emergency Declaration COVID-19 March 30, 2020.*

18. These closure orders and proclamations caused Plaintiff to sustain a suspension of operations as defined by the Mt. Hawley Policy at its properties in response to dangerous physical conditions that constitute a Covered Cause of Loss.

19. On April 10, 2020, President Trump made the following remarks on insurance companies making payments to businesses who had purchased business interruption coverage:

Reporter: Mr. President may I ask you about credit and debt as well. Many American individuals, families, have had to tap their credit cards during this period of time. And businesses have had to draw down their credit lines. Are you concerned Mr. President that that may hobble the U.S. economy, all of that debt number one? And number two, would you suggest to credit card companies to reduce their fees during this time?

President Trump: Well it's something that we've already suggested, we're talking to them. ***Business interruption insurance***, I'd like to see these insurance companies—you know you have people that have paid. When I was in private I had business interruption. When my business was interrupted through a hurricane or whatever it may be, I'd have business where I had it, I didn't always have it, sometimes I had it, sometimes, I had a lot of different companies. ***But if I had it I'd expect to be paid.*** You have people. I speak mostly to the restaurateurs, where they have a restaurant, they've been paying for 25, 30, 35 years, business interruption. They've never needed it. All of a sudden they need it. And I'm very good at reading language. I did very well in these subjects, OK. And I don't see the word pandemic mentioned. Now in some cases it is, it's an exclusion. But in a lot of cases I don't see it. I don't see it referenced. And they don't want to pay up. I would like to see the insurance companies pay if they need to pay, if it's fair. And they know what's fair, and I know what's fair, I can tell you very quickly. But business interruption insurance, that's getting a lot money to a lot of people. And they've been paying for years, sometimes they just

started paying, but you have people that have never asked for business interruption insurance, and they've been paying a lot of money for a lot of years for the privilege of having it, and then when they finally need it, the insurance company says 'we're not going to give it.' We can't let that happen.

https://youtu.be/_cMeG5C9TjU (last visited on April 24, 2020) (emphasis added).

20. As a result of this COVID-19 pandemic, Plaintiff sustained direct physical loss of or damage to its property and will continue to sustain direct physical loss of or damage to its property covered by the Mt. Hawley Policy and the Homeland Policy, including but not limited to business interruption, extra expense, and interruption by civil authority. As a direct result of this pandemic disaster and closure orders, Plaintiff experienced a slowdown of its business activities and it has been damaged, as described above.

21. There is an actual, real and substantial controversy now existing between the parties in respect to the Mt. Hawley Policy and the Homeland Policy, and by Order and Decree herein, all rights, duties and legal relations of the parties hereto should be immediately and judicially determined, adjudicated and declared.

22. Based on the above facts, Plaintiff is entitled to declaratory judgment that its losses are covered under the Mt. Hawley Policy and the Homeland Policy issued by Defendants. Plaintiff seeks a declaration from this Court that Plaintiff sustained a "direct physical loss" and/or "a risk of direct physical loss" of its premises as a result of (a) Executive Order 2020-07 and subsequent amendments thereto and the orders and proclamations referenced in ¶ 17, *supra*; and/or (b) the COVID-19 pandemic.

23. Plaintiff seeks a declaratory judgment from this Court declaring the Mt. Hawley Policy and Homeland Policy covers Kusum's losses and expenses related to the slowdown of its business activities as a result of the COVID-19 pandemic disaster and state and local executive


orders. Plaintiff seeks a ruling Defendants are responsible for said losses and expenses in an amount to be determined.

24. Plaintiff gave proper and timely notice of this claim to Defendants, through its representatives, and otherwise complied with all conditions precedent for recovery under the subject insurance policy.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Kusum Management Company prays for a judgment from this Court declaring the rights, duties and obligations between it and Defendants herein, and that based on the above facts, such judgment should be that the policies issued to Plaintiff by Defendants affords coverages for Plaintiff's losses and expenses related to the COVID-19 pandemic and/or government mandated closure orders, and Defendants are responsible for said losses and expenses and such further relief which may be appropriate.

Respectfully submitted,



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ATTORNEYS FOR PLAINTIFF

Exhibit

I



NOTICE TO OUR BROKERS AND AGENTS OF OUR CLAIM NOTIFICATION PROCEDURE

As part of our continuing effort to provide you with the best service available, ALL CLAIMS, OCCURRENCES, INCIDENTS and LAWSUITS under this policy are to be reported immediately to:

Mt. Hawley Insurance Company

Email (preferred): New.Claim@rlicorp.com

Fax: (866) 692-6796

Phone: (800) 444-0406

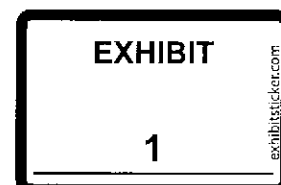
Street Address: 9025 N. Lindbergh Drive, Peoria, IL 61615

Mailing Address: P.O. Box 3961, Peoria, IL 61612-3961

When reporting the incident, be prepared to supply a report of claim or the following information:

1. Policy Number
2. Contact Person information (name, address, phone, etc.)
3. Nature of incident
4. Date of incident

When reporting multiple incidents, please send each loss notice separately.





IMPORTANT NOTICE TO POLICYHOLDERS

TERRORISM RISK INSURANCE ACT, AS AMENDED

Under the Terrorism Risk Insurance Act, as amended (the "**Act**"), we must make coverage for "**certified acts of terrorism**" available in the policies we offer. We notified you at the time of offer and purchase of the policy to which this Notice is attached that this coverage was available and we gave you the right to reject our offer of such terrorism coverage. If you elected to purchase the coverage, the premium charged for such coverage is shown on the Declarations page of the policy. If you elected to reject the coverage we have not charged your policy for terrorism coverage and have attached a terrorism exclusion to your policy.

PLEASE NOTE: IF YOU REJECTED THE OFFER OF FEDERAL TERRORISM INSURANCE COVERAGE, THAT REJECTION DOES NOT APPLY TO THE LIMITED EXTENT THAT RELEVANT STATE LAW REQUIRES COVERAGE FOR FIRE LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER THE ACT.

You should know that where coverage is provided by this policy for losses resulting from certified acts of terrorism, such losses may be partially reimbursed by the United States government under a formula established by federal law. Under this formula, the United States government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning January 1, 2018; 81% beginning January 1, 2019 and 80% beginning January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

You should also know that the Act contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

Specific coverage terms for terrorism, including limitations and exclusions, are more fully described in endorsements attached to the policy. Your policy may contain an exclusion for losses that are not eligible for federal reinsurance under the Act.

Definitions:

"**Certified act of terrorism**," as defined in Section 102(1) of the Act, means an act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.



Mt. Hawley Insurance Company
Peoria, Illinois 61615

NOTICE TO POLICYHOLDERS

REGARDING THE UNITED STATES TREASURY DEPARTMENT – OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

This Policyholder Notice does not provide coverage nor can it be construed to replace any provisions of your policy. Please read your policy carefully to determine your rights, duties, and what is and what is not covered by your policy. This Notice should only be used to provide information concerning the possible impact of your insurance coverage as it relates to directives issued by OFAC.

PLEASE READ THIS NOTICE CAREFULLY.

OFAC administers and enforces economic and trade sanctions and places restrictions on certain transactions. OFAC acts pursuant to Executive Orders of the President of the United States and specific legislation. OFAC has identified and named numerous foreign agents, front organizations, terrorists, terrorist organizations, and narcotics traffickers, among others, as “Specially Designated Nationals and Blocked Persons.” The complete list can be found on the United States Treasury website – <http://www.treas.gov/ofac>.

Various trade or economic sanctions and other laws or regulations prohibit us from providing insurance in certain circumstances. In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance contract is considered a blocked or frozen contract and will be considered null and void. When an insurance policy is considered to be a blocked or frozen contract, all provisions of this insurance will be immediately subject to OFAC, and neither payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments may also apply.

Policy Number: MCP0169828

Mt. Hawley Insurance Company

9025 N. Lindbergh Drive
Peoria, Illinois 61615

ATTENTION POLICYHOLDER

KEEP THIS NOTICE WITH YOUR INSURANCE PAPERS

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false, incomplete, or misleading information, or conceals information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime punishable by incarceration, and shall also be subject to civil penalties.



Mt. Hawley Insurance Company

9025 N. Lindbergh Drive
Peoria, Illinois 61615
309-692-1000

Commercial Property Policy Declarations Page

Policy No. MCP0169828

Named Insured and Mailing Address:

Kusum Management Company
2214 Shadow Lake Drive
Oklahoma City, OK 73159

Agent/Broker and Mailing Address:

AmWINS Brokerage Midwest
909 E Republic Road, E-200
Springfield, MO 65807

Policy Period: From 12/15/2019 to 12/15/2020 at 12:01 A.M. Standard Time at your mailing address shown above.

DESCRIPTION OF PREMISES

Refer to CPR 2194, Scheduled Locations Endorsement

CAUSES OF LOSS: Special excluding Earthquake and Flood

LIMITS OF INSURANCE

Total coverage (limit) applicable Limit \$10,000,000 , **part of** \$10,000,000

The above limit applies to the following and is subject to any sublimits stated elsewhere in the policy:

- Building *
- Business Personal Property *
- Electronic Data Processing *
- Outside Signs *
- Business Income (and Extra Expense)

* Replacement Cost Applies

Per Occurrence Loss Limit

At no time will we pay more than \$10,000,000 for a loss due to a single occurrence or event.

DEDUCTIBLE(S): Refer to CPR 2218, Declarations - Deductible Addendum

FORMS MADE A PART OF THIS POLICY AT TIME OF ISSUE: See CPR 2150, Applicable Forms & Endorsements

Inspection Fees	\$ 1,200
Total Premium	\$ 147,800
Amount Payable At Inception	\$ 149,000

+ \$350 AmWins Policy Fee
+ \$8,961 OK SL Tax
= \$158,311 Total Premium Due

Surplus lines contracts are not subject to the protection of any guaranty association in the event of liquidation or receivership of the insurer.


Authorized Signature

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DECLARATIONS - DEDUCTIBLE ADDENDUM

The following deductible wording is in addition to all other deductible wording found elsewhere in this policy. All other deductible wording found in and made a part of this policy also applies. Each claim for loss or damage will be adjusted separately.

PERIL DEDUCTIBLE(S)

\$10,000 Per Occurrence for All Covered Perils, except:

2.00% of the Total Insurable Values Per Location (including time element if applicable) at the time of loss or damage subject to a minimum of \$50,000 Per Occurrence for Windstorm or Hail

Total Insurable Values is defined as the full value of covered property, including time element if applicable, subject to the valuation terms and conditions of the policy. Total Insurable Values are calculated at the time of loss or damage.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULED LOCATIONS ENDORSEMENT

Location Number	Coverage Type	Declared* Values	Valuation**	Description and Location of Property Covered
00001 - 001	Building	\$1,440,000	RCV	Built: 1986, Masonry - Joisted 2715 W Owen K Garriott Rd Enid, OK 73703 Super 8 Enid - 40 Rooms
00001 - 001	Electronic Data Processing	\$25,000	RCV	Built: 1986, Masonry - Joisted 2715 W Owen K Garriott Rd Enid, OK 73703 Super 8 Enid - 40 Rooms
00001 - 001	Business Income (and Extra Expense)	\$350,000	ALS	Built: 1986, Masonry - Joisted 2715 W Owen K Garriott Rd Enid, OK 73703 Super 8 Enid - 40 Rooms
00001 - 001	Business Personal Property	\$250,000	RCV	Built: 1986, Masonry - Joisted 2715 W Owen K Garriott Rd Enid, OK 73703 Super 8 Enid - 40 Rooms
00001 - 001	Outside Signs	\$40,000	RCV	Built: 1986, Masonry - Joisted 2715 W Owen K Garriott Rd Enid, OK 73703 Super 8 Enid - 40 Rooms
00002 - 001	Building	\$8,800,000	RCV	Built: 2009, Wood - Frame 2740 NW 138th St Oklahoma City, OK 73134 Staybridge Suites - 106 Rooms
00002 - 001	Electronic Data Processing	\$25,000	RCV	Built: 2009, Wood - Frame 2740 NW 138th St Oklahoma City, OK 73134 Staybridge Suites - 106 Rooms
00002 - 001	Business Income (and Extra Expense)	\$2,000,000	ALS	Built: 2009, Wood - Frame 2740 NW 138th St Oklahoma City, OK 73134 Staybridge Suites - 106 Rooms

* For Limit of Insurance please see Declarations page of this policy.

** Indicate: ACV (Actual Cash Value), ALS (Actual Loss Sustained), FRC (Functional Replacement Cost), RCV (Replacement Cost Value), SP (Selling Price) or SV (Stated Value).

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULED LOCATIONS ENDORSEMENT

Location Number	Coverage Type	Declared* Values	Valuation**	Description and Location of Property Covered
00002 - 001	Business Personal Property	\$2,000,000	RCV	Built: 2009, Wood - Frame 2740 NW 138th St Oklahoma City, OK 73134 Staybridge Suites - 106 Rooms
00003 - 001	Building	\$1,554,923	RCV	Built: 1985, Non-Combustible 4200 W I-40 Service Rd Oklahoma City, OK 73108 Quality Inn 28 Rooms, Office
00003 - 001	Electronic Data Processing	\$25,000	RCV	Built: 1985, Non-Combustible 4200 W I-40 Service Rd Oklahoma City, OK 73108 Quality Inn 28 Rooms, Office
00003 - 001	Business Income (and Extra Expense)	\$350,000	ALS	Built: 1985, Non-Combustible 4200 W I-40 Service Rd Oklahoma City, OK 73108 Quality Inn 28 Rooms, Office
00003 - 001	Business Personal Property	\$240,000	RCV	Built: 1985, Non-Combustible 4200 W I-40 Service Rd Oklahoma City, OK 73108 Quality Inn 28 Rooms, Office
00003 - 001	Outside Signs	\$35,000	RCV	Built: 1985, Non-Combustible 4200 W I-40 Service Rd Oklahoma City, OK 73108 Quality Inn 28 Rooms, Office
00003 - 002	Building	\$2,904,293	RCV	Built: 1985, Non-Combustible 4200 W I-40 Service Rd Oklahoma City, OK 73108 Quality Inn - 90 Rooms
00003 - 002	Business Personal Property	\$600,000	RCV	Built: 1985, Non-Combustible 4200 W I-40 Service Rd Oklahoma City, OK 73108 Quality Inn - 90 Rooms

* For Limit of Insurance please see Declarations page of this policy.

** Indicate: ACV (Actual Cash Value), ALS (Actual Loss Sustained), FRC (Functional Replacement Cost), RCV (Replacement Cost Value), SP (Selling Price) or SV (Stated Value).

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULED LOCATIONS ENDORSEMENT

Location Number	Coverage Type	Declared* Values	Valuation**	Description and Location of Property Covered
00004 - 001	Building	\$5,200,000	RCV	Built: 2003, Wood - Frame 3840 E 2nd St Edmond, OK 73034 Holiday Inn Express - 80 Rooms
00004 - 001	Electronic Data Processing	\$25,000	RCV	Built: 2003, Wood - Frame 3840 E 2nd St Edmond, OK 73034 Holiday Inn Express - 80 Rooms
00004 - 001	Business Income (and Extra Expense)	\$1,125,000	ALS	Built: 2003, Wood - Frame 3840 E 2nd St Edmond, OK 73034 Holiday Inn Express - 80 Rooms
00004 - 001	Business Personal Property	\$1,200,000	RCV	Built: 2003, Wood - Frame 3840 E 2nd St Edmond, OK 73034 Holiday Inn Express - 80 Rooms
00005 - 001	Building	\$10,500,000	RCV	Built: 2019, Wood - Frame 2300 Conference Center Dr. Norman, OK 73069 Hampton Inn Suites - 104 Rooms
00005 - 001	Electronic Data Processing	\$25,000	RCV	Built: 2019, Wood - Frame 2300 Conference Center Dr. Norman, OK 73069 Hampton Inn Suites - 104 Rooms
00005 - 001	Business Income (and Extra Expense)	\$1,000,000	ALS	Built: 2019, Wood - Frame 2300 Conference Center Dr. Norman, OK 73069 Hampton Inn Suites - 104 Rooms
00005 - 001	Business Personal Property	\$2,500,000	RCV	Built: 2019, Wood - Frame 2300 Conference Center Dr. Norman, OK 73069 Hampton Inn Suites - 104 Rooms

* For Limit of Insurance please see Declarations page of this policy.

** Indicate: ACV (Actual Cash Value), ALS (Actual Loss Sustained), FRC (Functional Replacement Cost), RCV (Replacement Cost Value), SP (Selling Price) or SV (Stated Value).

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

APPLICABLE FORMS & ENDORSEMENTS

FORMS AND ENDORSEMENTS LISTED BELOW APPLY TO AND ARE MADE PART OF THIS POLICY AT TIME OF ISSUE.

CPR-2218(11/04)	Declarations - Deductible Addendum
CPR-2194(10/01)	Scheduled Locations Endorsement
CP-0010(06/07)	Building and Personal Property Coverage Form
CP-0030(06/07)	Business Income (and Extra Expense) Coverage Form
CP-1030(06/07)	Causes Of Loss - Special Form
CP-0090(07/88)	Commercial Property Conditions
IL-0017(11/98)	Common Policy Conditions
CP-1440(06/07)	Outdoor Signs
CPR-2152F(02/04)	Electronic Data Processing Endorsement
CPR-2268(02/07)	Protective Safeguard Endorsement
CPR-2274(04/12)	Minimum Earned Premium Endorsement
CPR-2276(04/12)	Non-Payment Of Premium
CPR-2281(12/14)	Nuclear, Biological, Chemical, or Radioactive Exclusion
CPR-2282(02/15)	Exclusion Of Cosmetic Damage To Roof Surfacing
CPR-2283(05/19)	Actual Cash Value For Roof Surfacing
CP-1032(08/08)	Water Exclusion Endorsement
CPR-2117(08/15)	Definition of Occurrence
CPR-2126(10/01)	Limitation of Liability Endorsement
CPR-2133(10/01)	Absolute Pollution Exclusion Endorsement
CPR-2165(04/13)	Liberalization Clause Endorsement
CPR-2188(12/10)	Exclusion of Certain Computer Related Losses
CPR-2230(03/08)	Terrorism Exclusion
CPR-2269(06/09)	Asbestos Exclusion
CPR-2295(02/16)	Windstorm or Hail Loss Reporting Limitation Addendum
CPR-2308(12/18)	Pre-Existing Damage Exclusion
IL-0174(07/05)	Oklahoma Changes - Appraisal
IL-0236(09/07)	Oklahoma Changes - Cancellation And Nonrenewal
RIL-099(07/16)	Service of Suit Endorsement
ILF-0001COK(07/16)	Oklahoma Signature Page

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(5) If not covered by other insurance:

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

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

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

- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

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

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

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
- (1) The lowest basement floor; or
- (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;

- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

- l. Retaining walls that are not part of a building;

- m. Underground pipes, flues or drains;

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

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

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

- (1) Are licensed for use on public roads; or

- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;

(c) Rowboats or canoes out of water at the described premises; or

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

q. The following property while outside of buildings:

(1) Grain, hay, straw or other crops;

(2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Debris Removal

(1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the

deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

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

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

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

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

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

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the

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

EXAMPLE #2

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

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

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

b. Preservation Of Property

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Required by local ordinance. No Deductible applies to this Additional Coverage.

c. Fire Department Service Charge

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

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

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

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

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

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e. (3) through e. (9) of this Additional Coverage.

- (3) The ordinance or law referred to in e. (2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
 - (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e. (6) of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e. (6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e. (6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

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

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

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

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

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

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

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

(4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or

computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

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

(ii) Use as a warehouse.

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

(2) Your Business Personal Property

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

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

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

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

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

(b) This Extension does not apply to:

(i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

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

(a) This policy expires;

(b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

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

b. Personal Effects And Property Of Others

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

(1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.

(2) Personal property of others in your care, custody or control.

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

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

(1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.

(2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.

(3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.

(4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

(1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:

(a) Temporarily at a location you do not own, lease or operate;

(b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

(c) At any fair, trade show or exhibition.

(2) This Extension does not apply to property:

(a) In or on a vehicle; or

(b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

(3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

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

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

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

f. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.

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

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

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

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

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

1. Fire Department Service Charge;

2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

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

D. Deductible

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

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

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

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

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

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

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

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

Total amount of loss payable:

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

EXAMPLE #2

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

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

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

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

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

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

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

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

4. Loss Payment

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

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

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

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

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

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

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

(2) An appraisal award has been made.

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

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

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

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building

means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

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

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

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

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

b. Vacancy Provisions

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

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

(a) Vandalism;

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

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

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

7. Valuation

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

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

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

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

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

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

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

F. Additional Conditions

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

1. Coinsurance

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

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

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

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

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

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the property is:	\$250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000
Step (1):	$\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)	
Step (2):	$\$100,000 \div \$200,000 = .50$	

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

Step (4): \$20,000 – \$250 = \$19,750

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

EXAMPLE #2 (ADEQUATE INSURANCE)

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

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

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

EXAMPLE #3

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

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

Step (2): \$180,000 ÷ \$225,000 = .80

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

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

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

2. Mortgageholders

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

- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

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

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

G. Optional Coverages

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

1. Agreed Value

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

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

2. Inflation Guard

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

EXAMPLE

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

3. Replacement Cost

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

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

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

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

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

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

- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

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

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

4. Extension Of Replacement Cost To Personal Property Of Others

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

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

H. Definitions

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

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

1. Business Income

Business Income means the:

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

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

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

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

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

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

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and

for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

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

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

2. Extra Expense

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

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

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement

premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

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

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation – Interruption Of Computer Operations

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

5. Additional Coverages

a. Civil Authority

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

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

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

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

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

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

whichever is later.

b. Alterations And New Buildings

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

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

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

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

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

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

- (ii) 30 consecutive days after the date determined in (1)(a) above.

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

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

(2) "Rental Value"

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

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

- (ii) 30 consecutive days after the date determined in (2)(a) above.

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

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

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage – Interruption in Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

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

NEWLY ACQUIRED LOCATIONS

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

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

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

B. Limits Of Insurance

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

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

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

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

C. Loss Conditions

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

1. Appraisal

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

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

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

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

2. Duties In The Event Of Loss

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

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

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

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

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

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

- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

- (4) Other relevant sources of information, including:

- (a) Your financial records and accounting procedures;

- (b) Bills, invoices and other vouchers; and

- (c) Deeds, liens or contracts.

- b. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

- (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

- (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

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

c. Resumption Of Operations

We will reduce the amount of your:

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

- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

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

- a. We have reached agreement with you on the amount of loss; or

- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

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

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

1. The Coinsurance percentage shown for Business Income in the Declarations; times

2. The sum of:

a. The Net Income (Net Profit or Loss before income taxes), and

b. Operating expenses, including payroll expenses,

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

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

Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and

Step (3): Multiply the total amount of loss by the figure determined in Step (2).

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

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

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);

(7) Cost of merchandise sold (including transportation charges);

(8) Cost of other supplies consumed (including transportation charges);

(9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;

(10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);

(11) All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and

(12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

EXAMPLE #1 (UNDERINSURANCE)

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

\$400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$150,000

The amount of loss is: \$ 80,000

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

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

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

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

EXAMPLE #2 (ADEQUATE INSURANCE)

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

\$400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$200,000

The amount of loss is: \$ 80,000

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

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

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

2. Monthly Limit Of Indemnity

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

EXAMPLE

When: The Limit of Insurance is: \$120,000

The fraction shown in the Declarations for this Optional Coverage is: 1/4

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

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. Business Income Agreed Value

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

b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

EXAMPLE

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

Step (1): $\$100,000 \div \$200,000 = .50$

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

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

4. Extended Period Of Indemnity

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

F. Definitions

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

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

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

2. "Operations" means:

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

3. "Period of restoration" means the period of time that:

- a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

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

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

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

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

- b. Continuing normal operating expenses incurred in connection with that premises, including:

- (1) Payroll; and

- (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

6. "Suspension" means:

- a. The slowdown or cessation of your business activities; or

- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

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

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

that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

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

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

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

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;

- (2) Landslide, including any earth sinking, rising or shifting related to such event;

- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

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

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

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

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

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

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

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

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

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

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

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

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

f. War And Military Action

- (1) War, including undeclared or civil war;

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

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

g. Water

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

- (2) Mudslide or mudflow;

- (3) Water that backs up or overflows from a sewer, drain or sump; or

- (4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;

- (b) Basements, whether paved or not; or

- (c) Doors, windows or other openings.

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

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

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

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

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria results from fire or lightning; or

- (2) To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

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

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

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

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

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

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;

- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

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

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
- (1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

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

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

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

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

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

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

This exclusion, k., does not apply:

(a) To the extent that coverage is provided under the Additional Coverage – Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

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

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

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

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

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

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

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

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

We will not pay for:

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

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

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

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

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

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.**, Ordinance Or Law;
 - (b) Paragraph **B.1.c.**, Governmental Action;
 - (c) Paragraph **B.1.d.**, Nuclear Hazard;
 - (d) Paragraph **B.1.e.**, Utility Services; and
 - (e) Paragraph **B.1.f.**, War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

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

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

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

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

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

C. Limitations

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

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

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

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

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

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

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

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

However, this limitation does not apply to:

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

(2) Business Income Coverage or Extra Expense Coverage.

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

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

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

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

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

(1) Glass; or

(2) Containers of property held for sale.

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

However, this limitation does not apply:

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

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

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

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

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

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

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

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

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

D. Additional Coverage – Collapse

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

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

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

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in 2.a. or 2.b.;

(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

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

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

4. With respect to the following property:

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

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

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

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

- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;

- b. The personal property which collapses is inside a building; and

- c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

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

6. This **Additional Coverage – Collapse** does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This **Additional Coverage – Collapse** will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the **Additional Coverage – Collapse** as described and limited in **D.1.** through **D.7.**.

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

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

- a. A "specified cause of loss" other than fire or lightning; or

- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

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

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

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.

6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet

or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

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

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

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

(1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.

(2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.

(3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

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

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

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

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

3. Glass

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

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

G. Definitions

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

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

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or

- (2) Sinking or collapse of land into man-made underground cavities.

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

- (1) Personal property in the open; or

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

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

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.

COMMON POLICY CONDITIONS

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

A. CANCELLATION

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

B. CHANGES

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

C. EXAMINATION OF YOUR BOOKS AND RECORDS

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

D. INSPECTIONS AND SURVEYS

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OUTDOOR SIGNS

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Premises Number: 00001	Building Number: 001
Description Of Sign:	
Construction Of Sign: <input type="checkbox"/> Entirely Metal <input checked="" type="checkbox"/> Other	
Limit Of Insurance: \$Refer to CPR2194	
Coinsurance Percentage: N/A %	
Additional Premium: \$Included	
Premises Number: 00003	Building Number: 001
Description Of Sign:	
Construction Of Sign: <input type="checkbox"/> Entirely Metal <input checked="" type="checkbox"/> Other	
Limit Of Insurance: \$Refer to CPR2194	
Coinsurance Percentage: N/A %	
Additional Premium: \$Included	
Premises Number:	Building Number:
Description Of Sign:	
Construction Of Sign: <input type="checkbox"/> Entirely Metal <input type="checkbox"/> Other	
Limit Of Insurance: \$	
Coinsurance Percentage: %	
Additional Premium: \$	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the outdoor signs described in the Schedule, the provision in the Limits Of Insurance section which pertains to signs does not apply. The limit applicable to each sign is shown in the Schedule. The limit applicable to each sign is the most we will pay for loss or damage to the sign in any one occurrence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ELECTRONIC DATA PROCESSING ENDORSEMENT

1. LIMITS OF INSURANCE

Coverage is only provided under this endorsement for items **A.** through **D.** below when a dollar amount is shown beside the coverage part. We will not pay more than the Limits of Insurance specified below in respect to any one occurrence, and in no event will we pay more than the Limits of Insurance of the policy to which this endorsement is attached.

- A. Hardware:** \$ Refer to CPR2194
- B. Software:** \$ Included
- C. Extra Expense:** \$ Not Covered
- D. Business Interruption:** \$ Not Covered

2. SPECIFIC HARDWARE OR SOFTWARE TO BE EXCLUDED

N/A

3. PROPERTY COVERED

We will pay for direct physical loss of or damage to covered property caused by a Covered Cause of Loss at the premises described in the Schedule. Covered property, as used in this endorsement, means the type of property described in this section if a Limit of Insurance is shown above for that type of property.

- A. Hardware**, meaning a network of electronic machine components including microprocessors (firmware) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results; computer networks; and peripheral data processing equipment. Such equipment may be owned by you or leased, rented or under your control. Hardware does not include communication systems or protection and control systems.
- B. Software**, meaning electronic data processing, recording or storage software such as films, tapes, cards, discs, drums or cells, and data and programming records used for electronic data processing or electronically controlled equipment, stored on media.

C. Extra Expense

1. We will pay the actual and necessary extra expenses you incur during the "period of restoration":
 - a. To continue your "normal" electronic data processing operations that are interrupted due to direct physical loss or damage caused by a Covered Cause of Loss to covered property owned, leased, rented or under your control; while at the described premises;
 - b. To repair, replace, or restore any covered hardware or software, but only to the extent that they reduce the loss otherwise payable under this coverage part.
2. We will not pay under this Extra Expense coverage for:
 - a. More than the actual loss sustained or the amount shown in item **1. LIMITS OF INSURANCE, C. Extra Expense**, whichever is less; or
 - b. Loss of profits or earnings resulting from a decrease or reduction of business.

D. Business Interruption

1. We will pay for the actual loss of "business income" you incur due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss or damage as a result of a Covered Cause of Loss to covered property at the described premises, including personal property in the open (or in a vehicle) within 100 feet of the described premises.
2. We will only pay for loss of "business income" that occurs within 12 consecutive months after the date of direct physical loss or damage.

4. PROPERTY NOT COVERED

- A. Accounts, bills, money, currency, notes, securities, or other evidences of debt, securities, valuable papers, records, abstracts, deeds, manuscripts, program documentation or other documents except those that are in software form, and then only in that form;
- B. Property rented or leased to others while away from your premises;
- C. Your stock in trade; and/or
- D. Any machinery or equipment, other than hardware, whether or not controlled by a data processing system.

5. EXCLUSIONS

- A. Actual work upon the property covered.
- B. Error or omission in machine programming or instructions to machine.
- C. Errors, omissions or deficiencies in design, specifications, materials or workmanship.
- D. Loss from processing operations.

6. VALUATION

- A. The value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation). We will not pay more than what it will cost to repair, rebuild or replace the property with other property of like kind and quality. We will also not pay more than the amount shown under item **1. LIMITS OF INSURANCE**.
- B. In determining the amount of loss when extra expense coverage is provided, the following also apply:
 1. The salvage value of any property bought for temporary use will be deducted from the amount of loss extra expense; and
 2. We will not pay for any increase in loss due to your failure to use reasonable efforts to resume all or part of your business. This includes making use of other locations and property to reduce the loss.

7. RESUMPTION OF OPERATIONS

As soon as practicable after any loss, you must resume complete or partial business "operations" of the covered property and, as much as practicable, reduce or dispense with the additional charges and expenses that are being incurred.

8. DEFINITIONS

- A. "Normal" means the conditions that would have existed had no loss occurred.
- B. "Business income" means:
 - 1. Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
 - 2. Continuing "normal" operating expenses incurred, including payroll.
- C. "Operations" means your business activities occurring at the described premises.
- D. "Period of restoration" means the period of time that:
 - 1. 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
 - 2. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality, or the date when business is resumed at a new permanent location.

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

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

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

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARD ENDORSEMENT

As a condition of this insurance, it is understood and agreed that the protective devices or services set forth in the Schedule below will be maintained in complete working order.

Protective Device or Service	Schedule	Location
SD-1		All

"P-1" Automatic Sprinkler System, including related supervisory services. Automatic Sprinkler System means any automatic fire protective or extinguishing system, including connected sprinklers and discharge nozzles, ducts, pipes, valves, fittings, tanks, pumps and private fire protection mains.

"P-2" Automatic Fire Alarm, protecting the entire building, that is connected to a central station, or reporting to a public or private fire alarm station.

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

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

"BR-1" Automatic Burglary Alarm, protecting the entire building, that signals to an outside central station or a police station.

"BR-2" Automatic Burglary Alarm, protecting the entire building, that has a loud sounding gong or siren on the outside of the building.

"CC-1" Cooking Equipment Safeguard, meaning a U.L. approved automatic extinguishing system protecting all cooking equipment, hoods and duct areas. In addition, you must:

- A. Maintain the extinguishing system and all associated equipment in complete working order, and give us immediate notice of any impairment or suspension of the automatic extinguishing system; and
- B. Maintain the services of an independent contractor for the express purpose of cleaning and degreasing, not less often than once every six (6) months, all hood and duct systems installed in conjunction with cooking units at the locations described. You must give us immediate notice of any impairment or suspension of such service.

"P-9" The protective system or service set forth in the above Schedule.

"SP-1" Secured premises, meaning all premises entryways (gates, doors and windows) are locked to prevent unauthorized entry.

"SD-1" Fully functional Smoke Detectors are properly located in all units.

"UT-1" Utilities are on to prevent freezing of any and all pipes and drains.

We will not pay for loss or damage if the protective safeguard or service listed in the above Schedule was not maintained in complete working order and such failure to maintain contributed directly or indirectly to the loss or damage or to the extent of such loss or damage.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ASBESTOS EXCLUSION

It is agreed that this policy does not insure against loss or damage arising from asbestos material, including but not limited to costs or expenses incurred by the Insured as a result of any of the following:

- (1)** asbestos material removal, containment, or other abatement;
- (2)** demolition or increased cost of construction, repair, debris removal, or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material; and/or
- (3)** any governmental direction or request declaring that such asbestos material present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;

Nor does any coverage provided by this policy apply to payment for the investigation or defense of any loss, damage or any cost, loss of use expense, fine or penalty or for any expense or claim or suit related to any of the above.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. The exclusion in Paragraph **B.** replaces the **Water Exclusion** in this Coverage Part or Policy.

B. Water

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

5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph **1.**, **3.** or **4.**, or material carried or otherwise moved by mudslide or mudflow.

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

But if any of the above, in Paragraphs **1.** through **5.**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFINITION OF OCCURRENCE

Occurrence means the total loss or damage caused by a distinct, single incidence of a peril or combination of perils insured against, except:

- A.** For a single atmospheric disturbance including tornado, cyclone, hurricane, windstorm, hail, tropical storm or cyclone, typhoon, hail and winter storm/freeze, an occurrence is limited to the total of all losses, damage, or expenses sustained or commencing during a continuous 144 hour period;
- B.** For riot, riot attending a strike and civil commotion an occurrence is limited to the total of all losses, damage or expenses sustained or commencing during a continuous 96 hour period.

In reference to items **A.** and **B.** above, you may decide when the applicable continuous number of hour period begins.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION OF LIABILITY ENDORSEMENT

The following special terms and conditions apply to this policy:

- A.** The Limit of Insurance or amount of insurance shown in the Declarations page of this policy is a limit or amount per occurrence, except for "earthquake" and "flood," if covered, where an annual aggregate applies. We will not pay more than this limit or amount in one disaster, casualty, or event, no matter how many locations are involved.
- B.** The premium for this policy is based on the schedule or statement of values on file with us or attached to this policy. If there is a loss under this policy, we will not pay more than the least of the following:
 - 1. The actual adjusted amount of loss, minus the deductible(s) that applies;
 - 2. The Limit of Insurance or amount of insurance per occurrence shown in the Declarations page of this policy or endorsed onto this policy; or
 - 3. The stated value for the specific property involved in the loss as shown on the latest statement of values on file with us, minus the deductible(s) that applies.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE POLLUTION EXCLUSION ENDORSEMENT

This endorsement replaces any existing terms and/or exclusions regarding pollution liability within this policy.

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

- A.** Property damage arising out of the actual, alleged or threatened discharge, dispersal, release or escape of "pollutants," or contaminants;
1. At or from premises owned, leased, rented or occupied by you,
 2. At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste,
 3. Which are at any time transported, handled, stored, treated, disposed of or processed as waste by or for you or any person or organization for whom you may be legally responsible, or,
 4. At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations;
 - a. If the "pollutants" are brought on or to the site or location in connection with such operations, or
 - b. If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the "pollutants."
- B.** Any loss, damage, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, treat, remove, detoxify or neutralize "pollutants" or in any way respond to or assess the effects of "pollutants."

This includes loss or damage caused by or resulting from contributing to or made worse by actual, alleged or threatened release, discharge, escape or dispersal of contaminants and/or pollutants, all of which direct or indirect, proximate or remote, or in whole or in part, caused by, contributed to, or aggravated by any damage insured by the policy.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. In addition to "pollutants" to be disposed of, waste also includes materials to be recycled, reconditioned or reclaimed. It also includes any material which after its release, dispersal or discharge, can cause or threaten damage to human health and/or human welfare, or causes or threatens damage, deteriorations, loss of value, marketability and/or loss of use, to insured property; including, but not limited to bacteria, fungi, virus, or hazardous substances as listed in the Federal Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976 and/or Toxic Substances Control Act or as designated by the U.S. Environmental Protection Agency.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIBERALIZATION CLAUSE ENDORSEMENT

It is understood and agreed that if form **CP 00 90** is attached and made a part of this policy, Paragraph **E. Liberalization** is deleted.

It is further understood and agreed that if form **CP 00 99** is attached and made a part of this policy, Paragraph **6. Liberalization** under Section **H. Additional Conditions** is deleted.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

EXCLUSION OF CERTAIN COMPUTER RELATED LOSSES

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED. PLEASE READ IT CAREFULLY.

- A.** We will not pay for loss or damage, whether direct or indirect, to "electronic data processing equipment":
1. Arising from "computer virus" and/or "computer hacking";
 2. Caused by the transfer or delivery of covered property from a covered location or your computer to a person or place outside of a covered location on the basis of unauthorized or fraudulent instructions, including but not limited to instructions transmitted by a computer, whether or not owned by you, or via any telecommunications transmission method;
 3. Arising from costs to research, replace or restore the information contained on electronic or magnetic media;
 4. Arising from electrical disturbance including electrical or magnetic damage, disturbance of electronic recordings, or erasure of electronic recordings;
 5. Arising from power supply disturbance including interruption of power supply, power surge, blackout, or brownout;
 6. During the period when your business is interrupted as a result of loss to your web site operation whether or not maintained or operated by you and whether or not located at the described premises;
 7. Arising from the failure, malfunction or inadequacy of:
 - a. Such "electronic data processing equipment" whether belonging to you or to others;
 - b. Any products, and any services, data or functions that directly or indirectly use or rely on, in any manner, such "electronic data processing equipment" 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; and/or
 8. Arising from 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 this endorsement.

Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

- B.** However, if direct physical loss or damage from a covered peril results, then subject to all of its terms and conditions, we will only pay for the resulting direct physical loss or damage.
- C.** Claims for resulting physical loss or damage at multiple locations will constitute a separate occurrence at each location.

D. DEFINITIONS

1. "Computer virus" means the introduction into a computer of any self-replicating electronic data processing code or other code that is intended to:
 - a. Result in the deletion, destruction, generation, or modification of data;

- b. Alter, contaminate, corrupt, degrade, or destroy the integrity, quality, or performance of data;
 - c. Damage, destroy, or cause malfunction, inadequacy, degradation, or corruption of any hardware or processing, recording, or storage media used with hardware; or
 - d. Deny access to or services from your computer, your computer network or web site.
2. "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into a computer or computer network that can:
- a. Result in the deletion, destruction, generation, or modification of data;
 - b. Alter, contaminate, corrupt, degrade, or destroy the integrity, quality, or performance of data;
 - c. Result in the scanning or copying of data;
 - d. Cause damage, destruction, inadequacy, malfunction, degradation, or corruption of any hardware or processing, recording, or storage media used with hardware; or
 - e. Result in the denial of access to or denial of services from your computer, your computer network, or web site.
3. "Electronic data processing equipment" includes the following items:
- 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;
 - f. Any other computerized or electronic equipment or components; or
 - g. 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 items **a. through f.** above. This includes 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 problems with items listed in **a. through f.** above.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TERRORISM EXCLUSION

1. We will not pay for loss, damage, cost or expense caused directly or indirectly by "terrorism" including "certified acts of terrorism," as defined in the Terrorism Risk Insurance Act, as amended, unless specifically provided by endorsement to this policy or any action taken to control, prevent, or suppress terrorism. Such loss, damage, cost or expense is excluded regardless of any other cause or event that contributes concurrently or in any sequence to this loss.

2. The following definition is added and applies under this endorsement wherever the term "terrorism" is used.

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

A. That involve the following or preparation for the following:

1. Use or threat of force or violence; or
2. Commission or threat of a dangerous act; or
3. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

B. When one or both of the following applies:

1. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
2. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

3. Fire Exception

The following provision applies only where relevant state law requires coverage for fire losses resulting from acts of terrorism, and where a premium for such has been paid.

If an act of terrorism results in fire, we will pay for the loss or damage caused by that fire. This exception for fire applies only to direct loss or damage by fire to covered property. This exception does not apply to coverage for business income, extra expense, or fire legal liability.

4. Neither the terms of this endorsement nor the terms of any other terrorism endorsement attached to this policy provide coverage for any loss that would otherwise be excluded by this policy under:

- A.** Exclusions that address war, military action, or nuclear hazard; or
- B.** Any other exclusion.

5. The absence of any other terrorism endorsement does not imply coverage for any loss that would otherwise be excluded by this policy under:

- A.** Exclusions that address war, military action, or nuclear hazard; or
- B.** Any other exclusion.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM ENDORSEMENT

This endorsement changes Cancellation conditions elsewhere in the policy as follows:

If you cancel this policy, the earned premium will be calculated as follows:

- (1) If the abbreviated term provides coverage for less than 50 days during the period June 1 through November 1, the premium earned for the policy term will be calculated as per the policy Cancellation terms but subject to a minimum earned premium of 25% of the annual policy premium or \$36,950., whichever is greater.
- (2) If the abbreviated term provides coverage for 50 or more days during the period June 1 through November 1, the premium earned for the policy term will be calculated as per the policy Cancellation terms but subject to a minimum earned premium of 25% of the annual policy premium or \$36,950., whichever is greater.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-PAYMENT OF PREMIUM

Your failure to make a timely payment of any premium due either at inception of this policy or for any subsequent endorsement will be considered a request by you to us to cancel the policy.

If we cancel for non-payment of premium, the minimum earned premium, as determined by the Minimum Earned Premium Endorsement included in this policy, will be immediately due and payable.

At our discretion, we may consider reinstating coverage if you pay us the full amount of premium due prior to the effective date of cancellation.

However, payment of overdue premium by you will not guarantee the reinstatement of coverage. Should we decide not to reinstate coverage, any unearned premium will be refunded accordingly.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR, BIOLOGICAL, CHEMICAL OR RADIOACTIVE EXCLUSION

We will not pay for loss, damage, cost, or expense directly or indirectly from:

- 1) The use or threatened use of nuclear, biological, chemical, radioactive substances or the like, however caused.
- 2) The accidental discharge of nuclear, biological, chemical, radioactive substances or the like, however caused.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF COSMETIC DAMAGE TO ROOF SURFACING

- A.** The following applies with respect to loss or damage by wind and/or hail to any building and/or structure covered under this policy unless otherwise indicated below:

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail.

For the purpose of this endorsement:

- 1.** Cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.
- 2.** Roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

Exceptions to the above are as follows:

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE FOR ROOF SURFACING

The following applies with respect to loss or damage by wind and/or hail to a building or structure as indicated below:

- A.** Replacement Cost coverage (if otherwise applicable to such property) does not apply to roof surfacing. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.
- B.** For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.
- C.** Buildings or structures to which this endorsement applies:

Any building with roof surfacing over 15 years old.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL LOSS REPORTING LIMITATION ADDENDUM

Regardless of anything to the contrary in the policy to which this endorsement is attached, the following limitations apply in reference to reporting of claims under this policy:

1. With respect to loss or damage caused by windstorm or hail, including any named storm, any claim must be filed with us not later than one year after the date of the loss or damage that is the subject of the claim, except that a claim may be filed after the first anniversary of the date of the loss or damage for good cause shown by the person filing the claim; and
2. Any legal action brought against us under the policy for loss or damage caused by windstorm or hail must be brought within the earlier of the following:
 - a. Two years and one day from the date we accept or reject the claim; or
 - b. Three years and one day from the date of the loss or damage that is the subject of the claim.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRE-EXISTING DAMAGE EXCLUSION

We do not cover any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing building damage at the time of loss insured under this policy.

The above exclusion shall automatically be removed upon:

- a. The completion of all building repairs; and
- b. Written evidence, signed by a licensed general contractor, stating that such building repairs have been completed.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES – APPRAISAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

- A.** Except as provided in **B.** below, the **Appraisal** Condition is replaced by the following:

APPRAISAL

If we and you disagree on the value of the property or the amount of loss ("loss"), either party may make written demand for an appraisal of the loss. In this event, only the party which demanded the appraisal will be bound by the results of that appraisal.

Each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days after the written demand for an appraisal has been made. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, then, at the request of either you or us, and after notice of hearing to the nonrequesting party by certified mail, selection of the umpire will be made by a judge of a district court in the county where the loss ("loss") occurred. The appraisers will state separately the value of the property and amount of loss ("loss"). If the appraisers submit a written report of agreement to us, the amounts agreed upon will be the value of the property and the amount of loss ("loss") and will be binding on the party which demanded the appraisal. If the appraisers fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding on the party which demanded the appraisal. 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.

- B.** The **Appraisal** Condition in the:

1. Business Income Coverage Form (And Extra Expense) **CP 00 30**;

2. Business Income Coverage Form (Without Extra Expense) **CP 00 32**; and
3. Capital Assets Program Coverage Form (Output Policy), **OP 00 01**, Paragraph **A.7.** Business Income And Extra Expense

is replaced by the following:

APPRAISAL

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make written demand for an appraisal of the loss. In this event, only the party which demanded the appraisal will be bound by the results of that appraisal.

Each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days after the written demand for an appraisal has been made. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, then, at the request of either you or us, and after notice of hearing to the nonrequesting party by certified mail, selection of the umpire will be made by a judge of a district court in the county where the loss occurred. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If the appraisers submit a written report of agreement to us, the amounts agreed upon will be the value of the property and the amount of loss and will be binding on the party which demanded the appraisal. If the appraisers fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding on the party which demanded the appraisal. 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

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

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

- 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.

After coverage has been in effect for more than 45 business days or after the effective date of a renewal of this policy, no notice of cancellation will be issued by us unless it is based on at least one of the following reasons:

- (1)** Nonpayment of premium;
- (2)** Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted under it;
- (3)** Discovery of willful or reckless acts or omissions by you that increase any hazard insured against;

- (4)** The occurrence of a change in the risk that substantially increases any hazard insured against after insurance coverage has been issued or renewed;
- (5)** A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any covered property or its occupancy that substantially increases any hazard insured against;
- (6)** A determination by the Insurance Commissioner that the continuation of the policy would place us in violation of the insurance laws of this state;
- (7)** Your conviction of a crime having as one of its necessary elements an act increasing any hazard insured against; or
- (8)** Loss of or substantial changes in applicable reinsurance.

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

1. Nonrenewal

- a.** If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured at least 45 days before:

- (1) The expiration date of this policy; or
 - (2) An anniversary date of this policy, if it is written for a term longer than one year or with no fixed expiration date.
- b. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us.
- c. If notice is mailed:
- (1) It will be considered to have been given to the first Named Insured on the day it is mailed.
 - (2) Proof of mailing will be sufficient proof of notice.
- d. If notice of nonrenewal is **not** mailed or delivered at least 45 days before the expiration date or an anniversary date of this policy, coverage will remain in effect until 45 days after notice is given. Earned premium for such extended period of coverage will be calculated pro rata based on the rates applicable to the expiring policy.
- e. We will **not** provide notice of nonrenewal if:
- (1) We, or another company within the same insurance group, have offered to issue a renewal policy; or
 - (2) You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
- f. If we have provided the required notice of nonrenewal as described in **B.1.a.** above, and thereafter extend the policy for a period of 90 days or less, we will **not** provide an additional nonrenewal notice with respect to the period of extension.

2. Premium Or Coverage Changes At Renewal

- a. If we elect to renew this policy, we will give written notice of any premium increase, change in deductible, or reduction in limits or coverage, to the first Named Insured, at the last mailing address known to us.
- b. Any such notice will be mailed or delivered to the first Named Insured at least 45 days before:

- (1) The expiration date of this policy; or
 - (2) An anniversary date of this policy, if it is written for a term longer than one year or with no fixed expiration date.
- c. If notice is mailed:
- (1) It will be considered to have been given to the first Named Insured on the day it is mailed.
 - (2) Proof of mailing will be sufficient proof of notice.
- d. If the first Named Insured accepts the renewal, the premium increase or coverage changes will be effective the day following the prior policy's expiration or anniversary date.
- e. If notice is **not** mailed or delivered at least 45 days before the expiration date or anniversary date of this policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until:
- (1) 45 days after notice is given; or
 - (2) The effective date of replacement coverage obtained by the insured;
- whichever occurs first.

If the first Named Insured then elects **not** to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.

- f. We will **not** provide notice of the following:
- (1) Changes in a rate or plan filed pursuant to the Property and Casualty Competitive Loss Cost Rating Act applicable to an entire class of business;
 - (2) Changes which are based upon the altered nature or extent of the risk insured; or
 - (3) Changes in policy forms filed with or approved by the Insurance Commissioner and applicable to an entire class of business.

Mt. Hawley Insurance Company
Peoria, Illinois 61615

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT ENDORSEMENT

It is understood and agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Named Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States of America. The foregoing shall not constitute a waiver of the right of the Company to remove, remand or transfer such suit to any other court of competent jurisdiction in accordance with the applicable statutes of the state or United States pertinent hereto. In any suit instituted against them upon this contract, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

It is further agreed that service of process in such suit may be made upon the Superintendent, Commissioner, or Director of Insurance or other person specified for that purpose in the statute or his successor or successors in office as their true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of insurance.

The Company hereby designates Craig W. Kliethermes, President,

Mt. Hawley Insurance Company

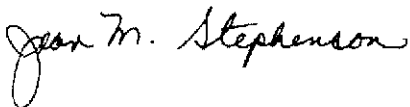
9025 N. Lindbergh Drive, Peoria, Illinois 61615 as the person to whom the said Superintendent, Commissioner, or Director of Insurance is authorized to mail such process or a true copy thereof, in compliance with the applicable statutes governing said service of process in the state or jurisdiction in which a cause of action under this contract of insurance arises.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

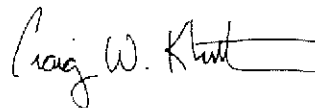
SIGNATURE PAGE

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

The use of this endorsement supersedes any signatures on any other policy forms, endorsements or declarations where those forms contain an earlier edition date.



Corporate Secretary



President & COO

Exhibit

2

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

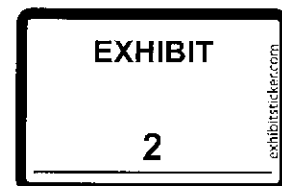
This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

As we previously notified you, as required by the Terrorism Risk Insurance Act, as amended in 2015, you were offered the opportunity to purchase insurance coverage for losses resulting from acts of terrorism, *as defined in Section 102(1) of the Act*. The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM TO BE CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

You rejected the offer of terrorism coverage you received as part of your policy quote and you have no coverage for losses resulting from an act of terrorism as defined in the Act. The premium required for your terrorism coverage would have been: \$ 1,200.

If your policy includes Property Coverage in one or more of these states: CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, VA, WA, WI, or WV; the following statement applies:

The terrorism exclusion makes an exception for (and thereby continues your coverage for) property fire losses resulting from an act of terrorism. Therefore, even though you rejected the offer of terrorism coverage, that rejection does not apply to fire losses resulting from an act of terrorism - the coverage in your policy for such fire losses will continue. If such a loss occurs, and is certified under the Act, the loss will be reimbursed by the United States under the formula detailed above.

If your policy includes Inland Marine Coverage in one or more of these states: CA, ME, MO, OR, or WI, the following statement applies:

The terrorism exclusion makes an exception for (and thereby continues your coverage for) direct property damage fire losses resulting from an act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to direct property damage fire losses resulting from an act of terrorism - the coverage in your policy for such fire losses will continue. If such a loss occurs, and is certified under the Act, the loss will be reimbursed by the United States Government under the formula detailed above.

You need to take no action with respect to this notice. You will receive a bill for your policy premium which will include the amount required for your coverage for fire losses resulting from an act of terrorism, if applicable.

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

IMPORTANT POLICYHOLDER NOTICES

KEEP THESE NOTICES WITH YOUR INSURANCE PAPERS

These notices do not form a part of your insurance contract. No coverage is provided by these notices, nor can they be construed to replace any provisions of the Policy (including its endorsements). If there is any conflict between these notices and the Policy (including its endorsements), **the provisions of the Policy (including its endorsements) will prevail.** Carefully read the Policy, including the endorsements attached to the Policy.

ARKANSAS NOTICE TO POLICYHOLDERS

If this Company fails to provide you with reasonable and adequate service, you should feel free to contact:

Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201
(501)371-2640 or (800)852-5494

Agent Name, Address & Phone Number:

AMWINS BROKERAGE OF THE MIDWEST, LLC
909 EAST REPUBLIC ROAD, SUITE E200
SPRINGFIELD, MO 65807

(417)823-3924

CALIFORNIA NOTICE TO POLICYHOLDERS

Inquiries concerning your policy should be directed to your agent or broker for assistance. The name, address and telephone number of your agent are shown below. If you require additional information you may contact the California Department of Insurance. The Department of Insurance should be contacted only after discussion with the insurer, or its agent or other representative, or both, have failed to produce a satisfactory resolution to the problem.

Agent Name, Address & Phone Number:

AMWINS BROKERAGE OF THE MIDWEST, LLC
909 EAST REPUBLIC ROAD, SUITE E200
SPRINGFIELD, MO 65807

(417)823-3924

California Department of Insurance
Consumer Services Division
300 South Spring Street, South Tower
Los Angeles, CA 90013
(800)927-HELP (4357)

IMPORTANT NOTICE TO POLICYHOLDERS – ILLINOIS

In compliance with the Illinois Insurance Code Section 143C, this notice is to advise you of the following departments and addresses:

Homeland Insurance Company of New York
Paralegal
150 Royall Street
Canton, MA 02021
(781)332-7671

Illinois Department of Insurance
Consumer Services
320 West Washington Street
Springfield, IL 62767-0001

Fax: (217)782-5020
Email: consumer_complaints@ins.state.il.us

INDIANA NOTICE TO POLICYHOLDERS REGARDING FILING COMPLAINTS WITH THE DEPARTMENT OF INSURANCE

Questions regarding your policy or coverage should be directed to:

Company Name: Homeland Insurance Company of New York
Contact Number: (866)971-6247

If you:

- (a) Need the assistance of the governmental agency that regulates insurance; or
 - (b) Have a complaint you have been unable to resolve with your insurer;
- you may contact the Department of Insurance by mail, telephone or email:

State of Indiana Department of Insurance
Consumer Services Division
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204

Consumer Hotline: (800)622-4461 or (317)232-2395

Complaints can be filed electronically at www.in.gov/idoi.

OKLAHOMA NOTICE

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

PENNSYLVANIA NOTICE

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

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

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

The Act does not apply:

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

IMPORTANT INFORMATION TO VIRGINIA POLICYHOLDERS

In the event you need to contact someone about this insurance for any reason please contact your agent. If no agent was involved in the sale of this insurance, or you have additional questions you may contact the insurance company issuing this insurance at the following address and telephone number:

Homeland Insurance Company of New York
Paralegal
150 Royall Street
Canton, MA 02021
(781)332-7671

If you have been unable to contact or obtain satisfaction from the company or the agent, you may contact the Virginia State Corporation Commission's Bureau of Insurance at:

State Corporation Commission
Bureau of Insurance
Property and Casualty Division
P.O. Box 1157
Richmond, VA 23218
www.scc.virginia.gov/boi
(877)310-6560 or (804)371-9185
Fax: (804)371-9349

Written correspondence is preferable so that a record of your inquiry is maintained. When contacting your agent, company or the Bureau of Insurance, have your policy number available.

WISCONSIN NOTICE OF RIGHT TO FILE A COMPLAINT

KEEP THIS NOTICE WITH YOUR INSURANCE PAPERS

PROBLEMS WITH YOUR INSURANCE? If you are having problems with your insurance company or agent, do not hesitate to contact the insurance company or agent to resolve your problem.

Homeland Insurance Company of New York
Paralegal
150 Royall Street
Canton, MA 02021
(781)332-7671

You can also contact the **OFFICE OF THE COMMISSIONER OF INSURANCE**, a state agency which enforces Wisconsin's insurance laws, and file a complaint. You can contact the **OFFICE OF THE COMMISSIONER OF INSURANCE** by contacting:

State of Wisconsin
Office of the Commissioner of Insurance
125 South Webster Street
P.O. Box 7873
Madison, WI 53707-7873
oci.wi.gov

or you can call (800)236-8517 outside of Madison or (608)266-0103 in Madison, and request a complaint form.



CLAIMS REPORTING OPTIONS

Phone:

Call our 24-hour claim service center: 877.248.3455

Email:

Email us at claims@onebeacon.com

On-line:

Use our web-based claim reporting at www.onebeacon.com

Fax:

Fax us at 866.213.2802

Contact your OneBeacon agent or broker

Policy Number: 795-01-13-10-0000



**EXCESS PROPERTY
POLICY DECLARATIONS**

EXCESS INSURANCE COMPANY:

Homeland Insurance Company of New York
1000 Woodbury Road, Suite 403
Woodbury, NY 11797

INSURED'S NAME AND MAILING ADDRESS:

KUSUM MANAGEMENT COMPANY
2214 SHADOWLAKE DR
OKLAHOMA CITY, OK 73159-7440

PRODUCER NUMBER:

2401685

PRODUCER NAME:

AmWINS Brokerage of the Midwest, LLC

POLICY PERIOD

From: 12/15/2019

To: 12/15/2020

At the Time Defined in the Primary Underlying Insurance Policy (If not Defined in the Primary Underlying Insurance Policy, at 12:01 AM Standard Time at the Mailing Address Shown Above)

IN RETURN FOR THE PAYMENT OF THE PREMIUM AND SUBJECT TO ALL THE TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS OF THIS POLICY THIS COMPANY AGREES WITH THE NAMED INSURED TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY

PREMIUM

POLICY PREMIUM: \$24,000
TERRORISM PREMIUM: Rejected
TOTAL DUE: \$24,000

+ \$250 AmWins Policy Fee
+ \$1,455 OK SL Tax
= \$25,705 Total Premium Due

Minimum Earned Premium Applies

In the event of cancellation of this Policy by the first named Insured prior to the expiration of the Policy Period shown above, the following minimum earned premium applies:

25.00% **MINIMUM EARNED PREMIUM** \$6,000

Cancellation by this Company for non-payment of premium will be deemed cancellation at the first named Insured's request.

Insureds with Coastal Property Premium Endorsement Applies

EXCESS LIMIT OF LIABILITY AND PARTICIPATION

\$40,526,216 (Excess Limit of Liability) (being 100.00% part of \$40,526,216
(Excess Participation)) excess of \$10,000,000 in any one "loss occurrence"

Any Annual Aggregate Limit of Liability and Participation shown above is included within and does not increase the Excess Limit of Liability and Participation shown above.

TOTAL SUM OF UNDERLYING INSURANCE LIMIT(S):

\$10,000,000 in any one "loss occurrence"

SCHEDULE OF UNDERLYING INSURANCE:

PRIMARY UNDERLYING INSURANCE POLICY:

PRIMARY UNDERLYING INSURER: Mt. Hawley Insurance Company

POLICY NUMBER: MCP0169828

POLICY PERIOD From: December 15, 2019 To: December 15, 2020

LIMIT OF LIABILITY AND PARTICIPATION: \$10,000,000 (being 100.00% part of \$10,000,000)

OTHER UNDERLYING INSURANCE POLICY(IES):

NONE

ITEMS OF INSURANCE:

Real Property; Business Personal Property; Business Income; Signs;

- as shown in the reported values provided by the Insured at the inception of this Policy or added by endorsement during the period of this Policy.

COVERED EXCESS LOCATIONS:

- Locations shown in the reported values provided by the Insured at the inception of this Policy or added by endorsement during the period of this Policy.

THIS POLICY IS SUBJECT TO THE TERMS CONTAINED IN THESE DECLARATIONS AND CONSISTS OF THE FOLLOWING CONDITIONS, COVERAGE FORM(S) AND ANY ENDORSEMENT(S):

IL P 001-01-04	U.S. Treasury Dept Office of Foreign Assets Notice (OFAC)
OB IL 001-10-15	SERVICE OF SUIT
OBSP 001-01-19	EXCESS PROPERTY POLICY - FOLLOWING FORM
OBSP 002-04-16	EXCESS PROPERTY CONDITIONS
OBSP 100-04-16	EXCESS PROPERTY POLICY DECLARATIONS
OBSP 204-01-19	LOSS OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT
OBSP 206-01-19	ORDINANCE OR LAW EXCLUSION
OBSP 219-09-15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM

OBSP 241-04-16
PHN 014 IL-01-15

PHN 024 OBSP-09-15
PHN 049 OBSP-04-16

ADDITIONAL INTERESTS ENDORSEMENT
POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM
INSURANCE COVERAGE
IMPORTANT POLICYHOLDER NOTICE - ARKANSAS
CLAIMS REPORTING OPTIONS



Secretary



President

01/27/2020

DATE OF ISSUANCE

LAST PAGE OF DECLARATIONS

Surplus lines contracts are not subject to the protection of any guaranty association in the event of liquidation or receivership of the insurer.

POLICY NUMBER: 795-01-13-10-0000
NAMED INSURED: KUSUM MANAGEMENT COMPANY
ISSUE DATE: 01/27/2020
EFFECTIVE DATE: 12/15/2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT

All coverages in this policy are subject to the following condition.

Service of Suit

1. We designate and authorize the following person as our agent for service of process by certified mail, return receipt requested, for any proceeding instituted by or on behalf of the insured, or any beneficiary under this policy, and arising out of this policy of insurance made:
General Counsel
OneBeacon Insurance Group – Legal Department
605 North Highway 169
Suite 800
Plymouth, MN 55441
2. If required by applicable statute, we also designate the Superintendent, Commissioner or Director of Insurance, or other officer or individual specified in the law of the jurisdiction in which this policy is issued, to receive on our behalf service of process for any proceeding instituted by or on behalf of the insured, or any beneficiary under this policy, and arising out of this policy of insurance. We authorize the Superintendent, Commissioner, Director or other officer or individual upon whom service is made to mail a copy of the process to the person identified in Paragraph 1. above.
3. In Rhode Island, we also designate and authorize the following person as our agent for service of process for any proceeding instituted by or on behalf of the insured, or any beneficiary under this policy, and arising out of this policy of insurance:
Sherry A. Goldin
10 Weybosset Street
Providence, Rhode Island 02903
4. In Oregon, service of process for any proceeding instituted by or on behalf of the insured, or any beneficiary under this policy, and arising out of this policy of insurance may be made upon the insurance producer in the courts for the county where the insurance producer who registered or delivered the policy resides or transacts business.
5. By agreeing to the service of process provisions above, we do not waive our right to commence an action in any court of competent jurisdiction in the United States, remove an action to a United States District Court or seek a transfer of a case to another court as permitted by the laws of the United States or of any state within the United States.

As used above, the word "insured" means any person or organization qualifying as an insured under the policy, and the words "we," "us" and "our" refer to the company providing this insurance.

EXCESS PROPERTY POLICY—FOLLOWING 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 phrase “this Policy” refers to the Excess Property Policy – Following Form and the attached Excess Property Policy Declarations (“Declarations”), Excess Property Conditions and endorsements, if any. The word “Insured” refers to any Insured shown in the Declarations, and the phrase “this Company” refers to the issuing Excess Insurance Company shown in the Declarations. Other words and phrases that appear in quotation marks, bold print or both have special meaning. Refer to Section VI. **SPECIAL DEFINITIONS**.

I. INSURING AGREEMENT

- A. In consideration of the premium shown in the Declarations and subject to the terms, conditions, limitations and exclusions in this Policy, this Company will indemnify the Insured for the Insured’s **“ultimate net loss”** in excess of the **“underlying limits”** which are paid or agreed to be paid by all **“underlying insurer(s)”**.
- B. This Company will be liable only after all **“underlying insurer(s)”** have paid or agreed to pay the full amount of the **“underlying limits”** exclusively for loss or damage to **“covered property”**. In no event will the coverage provided under this Policy attach at an amount less than the **“underlying limits”**. Payment for or agreement to pay for loss or damage to property other than **“covered property”** will not erode or exhaust the **“underlying limits”** for purposes of determining the amounts owed under this Policy.
- C. In the event of loss caused by or resulting from more than one peril and for purposes of determining the amounts owed under this Policy, payment under the **“underlying insurance”** or agreement to pay under the **“underlying insurance”** for loss involving any peril not insured under this Policy will erode or exhaust the **“underlying limits”** first. Payment under the **“underlying insurance”** or agreement to pay under the **“underlying insurance”** for loss involving the perils insured under this Policy will then erode or exhaust the remainder of the **“underlying limits”**, if any. However, in no event will payment for or agreement to pay for loss or damage to property other than **“covered property”** erode or exhaust the **“underlying limits”** for purposes of determining the amounts owed under this Policy. Nothing in this paragraph expands coverage under this Policy to any perils otherwise excluded under this Policy.
- D. The insurance provided by this Policy will be subject to the same terms, conditions, limitations and exclusions as the property coverage provided under the **“primary underlying insurance”**, except for the limits of liability, any amount due under this Policy, any renewal agreement or cancellation provision, any obligation to investigate or defend, and except as provided elsewhere in this Policy. In no event will this Policy provide coverage for loss or damage to property insured by any **“underlying insurance”** that is not **“covered property”** nor will this Company indemnify the Insured for any loss, damage or perils not insured under this Policy.
- E. Coverage provided under this Policy will not be broader than that provided by the **“underlying insurance”**. If the terms, conditions, limitations or exclusions in this Policy are more restrictive than those of the **“primary underlying insurance”**, the more restrictive provisions of this Policy will apply.

II. MAINTENANCE OF UNDERLYING INSURANCE AND UNDERLYING LIMITS

The Insured warrants and it is a condition of this Policy that the **“underlying insurance”**, with total combined limits of liability in an amount not less than the **“underlying limits”** in any one **“loss occurrence”**, provides coverage exclusively for **“covered property”** and is in full force and effect at the inception and during the period of this Policy. If during the period of this Policy the **“underlying insurance”** is not maintained in full force and effect, or if there is any change, without the consent of this Company, in the **“underlying insurance”** coverage, **“underlying limits”**, or **“covered property”**, the coverage provided by this Policy will then apply in the same manner as if the **“underlying insurance”**, **“underlying limits”** or **“covered property”** had been so maintained and unchanged.

III. LIMITS OF LIABILITY

A. Excess Limit of Liability and Participation

1. This Policy's limit of liability in any one "**loss occurrence**" is the Excess Limit of Liability shown in the Declarations. Upon exhaustion of the "**underlying limits**", and subject to the terms, conditions, limitations and exclusions of this Policy, this Company will be liable for its Excess Participation shown in the Declarations of the "**ultimate net loss**" to the Insured that is excess of the "**underlying limits**" up to the Excess Limit of Liability shown in the Declarations.
2. The total limit of recovery in any one "**loss occurrence**" under this Policy will not exceed the lesser of the following, regardless of the number or type of coverages, property or locations involved or affected:
 - a. The actual adjusted amount of loss, less the "**underlying limits**" and applicable deductibles;
 - b. The interest of the Insured, less the "**underlying limits**" and applicable deductibles; or
 - c. The Excess Limit of Liability and Participation shown in the Declarations.
3. The inclusion of more than one Insured shall not operate to increase this Company's Excess Limit of Liability and Participation shown in the Declarations.

B. Underlying Insurance Sublimits

Application of any "**sublimit**" specified in any "**underlying insurance**":

1. The maximum recovery in any one "**loss occurrence**" for any coverage, peril or location subject to a "**sublimit**" specified in any "**underlying insurance**" will be the "**sublimit**" specified in any "**underlying insurance**". The insurance provided under this Policy does not apply to loss or damage in excess of any "**sublimit**" specified in the "**underlying insurance**", and in no event will this Policy drop down below the "**underlying limits**" and pay excess over any "**sublimit**" specified in any "**underlying insurance**".
2. For purposes of determining the amounts owed under this Policy, the actual payment or agreement to pay of any "**sublimit**" specified in any "**underlying insurance**" will erode or exhaust the "**underlying limits**" but only to the extent of such "**sublimits**". In no event, however, will payment for or agreement to pay for loss or damage to property other than "**covered property**" erode or exhaust the "**underlying limits**" for purposes of determining the amounts owed under this Policy.

IV. COVERAGE LIMITATIONS

A. In no event will this Company indemnify any Insured for the following:

1. Removal of any "**harmful materials**";
2. Demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating the removal of any "**harmful materials**"; or
3. Any governmental direction or request declaring that any "**harmful materials**" present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for which it was intended or installed and must be removed or modified;

including any resulting time element loss, such as business income loss, incurred extra expense or loss of rents.

B. In no event will this Company indemnify any Insured for the following:

1. To extract or remove contaminants or "**pollutants**" from debris;
2. To extract or remove contaminants or "**pollutants**" from land or water;
3. To extract, remove, restore or replace contaminated or polluted land or water;
4. Costs or expenses associated with the enforcement of any ordinance or law which requires the 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 contaminants or "**pollutants**";
5. To transport any property or debris to a site for storage or decontamination required because the property or debris is infected by contaminants or "**pollutants**", whether or not such removal, transport or decontamination is required by law, regulation or any authority governing such matters; or

6. To store or otherwise dispose of any property because of contaminants or “**pollutants**” infect the property;
including any resulting time element loss, such as business income loss, incurred extra expense or loss of rents.
- C. In no event, will this Company indemnify any Insured for loss of or damage to “**electronic data**”, including any resulting time element loss, such as business income loss, incurred extra expense or loss of rents. Loss of or damage to “**electronic data**” includes the destruction, distortion, erasure, corruption or alteration of “**electronic data**”.
- D. In no event will this Company indemnify any Insured for costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever.

V. EXCLUSIONS

This Policy does not insure against loss or damage caused directly or indirectly by or resulting from any of the following. Except as otherwise specifically stated, these exclusions apply to and limit or bar coverage under this Policy for loss or damage that may be covered by “**underlying insurance**”. Such loss or damage is excluded regardless of any other peril, cause or event contributing concurrently or in any sequence to the loss. Such loss or damage is also excluded regardless of whether the event is caused by an act of nature, due to a man-made cause, due to an artificial cause or is otherwise caused; occurred suddenly or gradually; involved isolated or widespread damage; or occurred as a result of any combination of the following.

A. Boilers, Turbines and Engines

Explosion, rupture, bursting, cracking, burning or bulging of steam boilers, steam turbines, gas turbines and steam engines nor for rupture, bursting, cracking, burning or bulging of pressure vessels or piping or apparatus attached to any of the foregoing while all such property is owned, leased, operated or controlled by the Insured or under its obligation to insure (except 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).

B. Contaminants or Pollutants

Actual, alleged, or threatened release, discharge, dispersal, seepage, migration, release or escape of toxic or hazardous substances, contaminants or “**pollutants**”, at any time regardless of whether sudden or accidental, all whether direct or indirect, proximate or remote, or in whole or in part caused by, contributed to or aggravated by any physical damage insured by this Policy.

C. Cyber Vandalism

Any attack, including a “denial of service attack”, on a web site, computer system or network system that successfully corrupts, damages, destroys, deletes or impairs any part of the web site, computer system or network system or disrupts normal operation of the web site, computer system or network system, regardless of whether the attack was the result of an action intentional or not:

1. By any employee, including a temporary or leased employee, partner, director, trustee or authorized representative;
2. By an entity retained by you or for you to inspect, design, install, maintain, repair or replace any such web site, computer system or network system;
3. By any person or entity not authorized to access any such web site, computer system or network system; or
4. By a computer, regardless of whether it was authorized to access any such web site, computer system or network system.

D. Earthquake

Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event. But if Earthquake, as described in this Paragraph, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

E. Earth Movement

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

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

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

F. Electrical, Magnetic or Electromagnetic Energy

Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

1. Electrical or electronic wire, device, appliance, system or network; or
2. Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes:

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

G. Fungus, Wet Rot, Dry Rot, Virus or Bacteria

Actual or threatened existence, growth, presence, proliferation, spread, release, transmission, migration, dispersal or any activity of "fungus", wet rot, dry rot, virus or bacteria. This Policy does not cover the costs or expenses of removal, disposal, decontamination or replacement of "covered property" which has been contaminated by "fungus", wet rot, dry rot, virus or bacteria.

H. Mechanical Breakdown

Mechanical breakdown, including rupture or bursting caused by centrifugal force.

I. Nuclear Hazards

Controlled or uncontrolled nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however caused. This includes the release, dispersal or application of radioactive material, or the use of a nuclear weapon or device that involves a nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination.

J. Pathogenic or Poisonous Chemical or Biological Materials

Controlled or uncontrolled application, discharge, dispersal, escape, migration or release of, or exposure to, any pathogenic or poisonous chemical or biological materials or agents, however caused.

K. Flood

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
2. Mudslide or mudflow; or
3. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph K.1. or material carried or otherwise moved by mudslide or mudflow.

As noted above, this exclusion applies regardless of whether any of the above, in Paragraphs K.1. through K.3., is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

L. Water

1. Water, or other material, that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
2. Water under the ground surface pressing on, or flowing or seeping through:
 - a. Foundations, walls, floors or paved surfaces;
 - b. Basements, whether paved or not; or
 - c. Doors, windows or other openings; or
3. Waterborne material carried or otherwise moved by any of the water or material referred to in Paragraph L.1. or L.2.

When state Standard Fire Policy Law requires it, we will pay for resulting fire damage caused by or resulting from an otherwise excluded peril, subject to the terms, conditions and limitations in this Policy. With respect to such coverage, we will pay only for loss or damage caused by that resulting fire. Such coverage will not include any resulting time element loss, such as business income loss, incurred extra expense or loss of rents.

VI. SPECIAL DEFINITIONS

- A. **"Covered property"** means the Items of Insurance shown in the Declarations that are located at the Covered Excess Locations shown in the Declarations.

"Covered property" does not include:

1. An item of insurance or location that is insured by any **"underlying insurance"** but not included in the Items of Insurance shown in the Declarations or Covered Excess Locations shown in the Declarations; or
 2. **"Electronic data"**.
- B. **"Denial of service attack"** means any attack designed to overload a web site, a computer system or network to which the computer system is connected with useless traffic which denies or limits legitimate electronic mail or web site usage.
- C. **"Electronic data"** means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs here means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This does not apply to prepackaged software held in storage or for sale, if any.
- D. **"Fungus"** means any type or form of mold, spore or fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- E. **"Harmful materials"** means asbestos, dioxins, and polychlorinated biphenyls.
- F. **"Loss occurrence"** is ascribed the same meaning as the definition of "loss occurrence" or "occurrence" provided in the **"primary underlying insurance"**. If the **"primary underlying insurance"** does not define "loss occurrence" or "occurrence", **"loss occurrence"** means any one loss, disaster, casualty or series of losses, disasters or casualties arising out of one event. When the term **"loss occurrence"** applies to loss or losses from the perils of windstorm (including cyclone, hurricane or tornado), hail, flood, earthquake, riot, riot attending a strike, civil commotion, or vandalism and malicious mischief, one event means all losses arising during a continuous period of 72 hours. When the term **"loss occurrence"** applies to loss or losses from the peril of volcanic eruption, explosion or effusion, one event means all losses arising during a continuous period of 168 hours. When filing proof of loss, the Insured may elect the moment at which the 72-hour period, or in the case of volcanic eruption, explosion or effusion, 168-hour period, will be deemed to have commenced, which may not be earlier than the time when the first loss to **"covered property"** occurs.
- G. **"Other underlying insurance"** means the Other Underlying Insurance Policy(ies), if any, shown in the Schedule of Underlying Insurance shown in the Declarations.
- H. **"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.
- I. **"Primary underlying insurance"** means the Primary Underlying Insurance Policy shown in the Schedule of Underlying Insurance shown in the Declarations.
- J. **"Sublimit"** means a limit of liability specified in the **"underlying insurance"** for a specified coverage, peril or location that is included within and does not increase the Total Sum of Underlying Insurance Limit(s) shown in the Declarations.

- K. **“Ultimate net loss”** means the actual amount of loss or damage sustained by the Insured in any one **“loss occurrence”** as a result of direct physical loss of or direct physical damage to **“covered property”** that occurs during the period of this Policy and caused by perils insured under this Policy, after making deductions for all salvages, recoveries and any and all other insurance except this Policy and the **“underlying insurance”**.
- L. **“Underlying insurance”** means the **“primary underlying insurance”** and any **“other underlying insurance”**.
- M. **“Underlying insurer(s)”** means the Primary Underlying Insurer and all of the Other Underlying Insurers, if any, shown in the Schedule of Underlying Insurance shown in the Declarations.
- N. **“Underlying limits”** means the Total Sum of Underlying Insurance Limit(s) shown in the Declarations in any one **“loss occurrence”**.

EXCESS PROPERTY CONDITIONS

A. ABANDONMENT

There can be no abandonment to this Company of any property.

B. ASSIGNMENT

Neither this Policy nor the proceeds of this Policy can be assigned, either before or after a loss, to another party without this Company's consent.

C. BANKRUPTCY, INSOLVENCY OR UNCOLLECTIBILITY OF UNDERLYING INSURANCE

In the event of the bankruptcy, insolvency or other financial impairment of any "underlying insurer" this Policy will apply as if all "underlying insurance" were valid and collectible. This Company will not be liable for the obligations of any such "underlying insurer", and this Policy will not replace any such "underlying insurance". This Company does not insure or assume, under any circumstances, the risk of uncollectibility (in whole or part), whether because of bankruptcy, insolvency or financial impairment of any "underlying insurer" or for any other reason. Rather, the risk of such uncollectibility is expressly retained by the Insured.

D. CANCELLATION

1. The first named Insured may cancel this Policy by mailing or delivering to this Company or any of its authorized agents advance written notice of cancellation.
2. This Company 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. This Company 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 the first named Insured cancels this Policy, earned premium will be computed in accordance with the customary short rate table and procedure. If this Company cancels, earned premium will be calculated pro rata. Premium adjustment may be made at the time cancellation is effective. If not made then, premium adjustment will be made as soon as practicable after the cancellation becomes effective. This Company's check or the check of its representative mailed or delivered will be sufficient tender of any refund of premium due to the first named Insured. The cancellation will be effective even if this Company has not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

E. CHANGES

This Policy contains all the agreements between this Company and the Insured concerning the insurance afforded. Notice to any agent or broker or knowledge possessed by any agent or broker or by any other person will not affect a waiver or a change in any part of this Policy or stop this Company from asserting any right under the terms of this Policy. The terms of this Policy can be amended or waived only by endorsement issued by this Company and made a part of this Policy.

F. CONFORMITY TO STATUTE

Terms of this Policy which are in conflict with any applicable statutes or regulations are hereby amended to conform to such statutes or regulations.

G. DUTIES IN THE EVENT OF LOSS OR DAMAGE

1. The Insured must see that the following are done in the event of loss or damage to "covered property":
 - a. Notify the police if a law may have been broken.
 - b. Give this Company prompt notice of the loss or damage. Include a description of the property involved.

- c. As soon as possible, give this Company a description of how, when and where the loss or damage occurred.
 - d. Take all reasonable steps to protect the “covered property” from further damage, and keep a record of expenses necessary to protect the “covered property” for consideration in the settlement of the claim. The expenses necessary to protect the “covered property” will be apportioned between the interests concerned in the ratio of their respective loss payments as finally settled. However, this will not increase the Excess Limit of Liability and Participation. This Company will not pay for any subsequent loss or damage resulting from a peril that is not covered under this Policy. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - e. At this Company's request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - f. As often as may be reasonably required, permit this Company to inspect the property proving the loss or damage and examine the Insured's books and records. Also, permit this Company to take samples of damaged and undamaged property for inspection, testing and analysis, and permit this Company to make copies from the Insured's books and records.
 - g. Send this Company a signed, sworn proof of loss containing the information we request to investigate the claim. The Insured must do this within 60 days after this Company's request. We will supply you with the necessary forms.
 - h. Cooperate with this Company in the investigation or settlement of the claim.
2. We may examine any Insured, or its representative, under oath, while not in the presence of any other Insured, or any other Insured's representative, and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including the Insured's books and records. In the event of an examination, the Insured's, or its representative's, answers must be signed.

No examination under oath or examination of books and records, nor any act of this Company or any of its employees or representatives in connection with the investigation of any loss or claim, will serve to waive any defense which this Company might otherwise have with respect to any loss or claim. All such examinations or acts will be deemed to have been made or done without prejudice to this Company's liability.

H. LEGAL ACTION AGAINST US

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

- 1. There has been full compliance with all of the terms of this Policy; and
- 2. The action is brought within 12 months after the date on which the direct physical loss or damage occurred.

However, if under the laws of the State within which this Policy is issued such limitation is invalid, then any such claims will be void unless such legal action is commenced within the shortest limit of time permitted by the laws of such State.

I. LOSS APPRAISAL

If this Company and the Insured 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 and will notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 30 days upon such umpire, the Insured and this Company may file a joint motion requesting that a judge of a court having jurisdiction appoint a competent and impartial umpire after a joint hearing before the court. Along with the joint motion requesting the appointment of the umpire, each party will submit to the court sworn affidavits which describe the efforts their appraiser has taken to reach agreement regarding the appointment of the umpire. If either party does not agree to a joint motion, the Insured or this Company may unilaterally file a motion to compel appraisal in a court having jurisdiction. Such motion to compel must include a request for a joint hearing, and notice of hearing must be sent to the non-requesting party's appraiser by certified mail 7 days prior to the hearing.

Once appraisal proceeds, each appraiser will state separately the value of the property and amount of loss as of the date and time of the loss or damage. If the appraisers fail to agree, they will submit their differences to the umpire. An itemized award in writing of any two will determine the amount of value and the amount of the loss or damage to such items. Each party will:

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

COMMERCIAL EXCESS PROPERTY

This Company will not waive any of its rights by any act relating to appraisal. If there is an appraisal, this Company retains its right to deny the claim.

J. MISREPRESENTATION AND FRAUD

This Policy is void in any case of fraud by the Insured as it relates to this insurance at any time. This entire Policy is also void if, at any time, the Insured intentionally conceals or misrepresents any material fact or circumstance concerning this insurance.

K. NO BENEFIT TO BAILEE

No person or organization, other than the Insured, having custody of property insured under this Policy will benefit from this insurance.

L. OTHER INSURANCE

If there is other insurance covering the same loss or damage, this Company will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether the Insured can collect on it or not. But this Company will not pay more than the Excess Limit of Liability and Participation shown in the Declarations.

M. PAYMENT OF LOSS

This Company will pay for covered loss or damage within 60 days after we receive the sworn proof of loss, if the Insured has complied with all of the terms of this Policy, and:

1. This Company has reached agreement with the Insured on the amount of loss; or
2. An appraisal award has been made.

Bankruptcy or insolvency of the Insured will not relieve this Company of any of its obligations under this Policy. However, no loss will be paid under this Policy if the Insured has collected the amount of the loss or damage from others.

N. PRIVILEGE TO ADJUST WITH OWNER

This Company may adjust losses with the owners of lost or damaged property if other than the Insured. If we pay the owners, such payments will satisfy the Insured's claims against us for the owners' property. This Company will not pay the owners more than their financial interest in the "covered property".

This Company may elect to defend the Insured against suits arising from claims of owners of property. We will do this at our expense. No action of this Company in such regard will increase the liability of this Company under this Policy, nor increase the Excess Limit of Liability and Participation shown in the Declarations.

O. SALVAGE OR RECOVERIES

When, in connection with any loss under this Policy, any salvage or recovery is received after loss settlement, the loss will be calculated on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other will be paid promptly.

The expense of all proceedings necessary to such recoveries will be apportioned between the interests concerned in the ratio of their respective recoveries as finally settled. If there should be no recovery and proceedings are conducted solely by this Company, this Company will pay such expenses.

P. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom this Company makes payment under this Policy has rights to recover damages from another, those rights are transferred to this Company to the extent of our payment. That person or organization must do everything necessary to secure this Company's rights and must do nothing after loss to impair them. But the Insured may waive its rights against another party in writing:

1. Prior to a loss covered under this Policy.
2. After a loss covered under this Policy only if, at time of loss, that party is one of the following:
 - a. Someone insured by this Policy;
 - b. A business firm:
 - (1) Owned or controlled by the Insured; or
 - (2) That owns or controls the Insured; or
 - c. The Insured's tenant.

COMMERCIAL EXCESS PROPERTY

This will not restrict insurance under this Policy.

Q. VALUATION

Property insured under this Policy will be valued according to the terms of the Primary Underlying Insurance Policy shown in the Schedule of Underlying Insurance shown in the Declarations.

POLICY NUMBER: 795-01-13-10-0000
NAMED INSURED: KUSUM MANAGEMENT COMPANY
ISSUE DATE: 01/27/2020
EFFECTIVE DATE: 12/15/2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

EXCESS PROPERTY POLICY – FOLLOWING FORM

The following replaces Paragraph 2. of Paragraph A. **Excess Limit of Liability and Participation** of Section III. **LIMITS OF LIABILITY:**

2. The Excess Limit of Liability and Participation shown in the Declarations is the total limit of this Company's liability applicable to each "**loss occurrence**". Notwithstanding any other terms and conditions of this Policy, in no event will the liability of this Company exceed this limit regardless of the number or type of coverages, property or locations involved or affected.

Subject to the paragraph above, the total limit of recovery in any one "**loss occurrence**" under this Policy will not exceed the lesser of the following:

- a. The actual adjusted amount of loss, less the "**underlying limits**" and applicable deductibles;
- b. The reported values for each item of insurance involved and insured at a Covered Excess Location shown in the Declarations, less the "**underlying limits**" and applicable deductibles. If no value, item or location is reported to this Company then there is no coverage;
- c. The interest of the Insured, less the "**underlying limits**" and applicable deductibles; or
- d. The Excess Limit of Liability and Participation shown in the Declarations.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

POLICY NUMBER: 795-01-13-10-0000
NAMED INSURED: KUSUM MANAGEMENT COMPANY
ISSUE DATE: 01/27/2020
EFFECTIVE DATE: 12/15/2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW EXCLUSION

This endorsement modifies insurance provided under the following:

EXCESS PROPERTY POLICY – FOLLOWING FORM
EXCESS PROPERTY POLICY – NAMED PERIL FORM

The following exclusion is added to the **EXCLUSIONS** Section:

Ordinance or Law

The enforcement of or compliance with any ordinance or law:

1. Regulating the construction, use or repair of any property; or
2. Requiring the tearing down of any property, in whole or part, including the cost of removing its debris.

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

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

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

POLICY NUMBER: 795-01-13-10-0000
NAMED INSURED: KUSUM MANAGEMENT COMPANY
ISSUE DATE: 01/27/2020
EFFECTIVE DATE: 12/15/2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INTERESTS ENDORSEMENT

This endorsement modifies insurance provided under the following:

EXCESS PROPERTY POLICY – FOLLOWING FORM
EXCESS PROPERTY POLICY – NAMED PERIL FORM
EXCESS PROPERTY POLICY – BROAD FORM
EXCESS PROPERTY POLICY – DIFFERENCE IN CONDITIONS FORM

Additional Interests under this Policy, including Named Insureds, Additional Insureds, Additional Named Insureds, Mortgagees, Lender Loss Payees or Loss Payees, are the same as the Additional Interests identified in the “**primary underlying insurance**” that have an interest in the “**covered property**”. Loss or damage covered under this Policy will be payable to such Additional Interests as their interests may appear and in accordance with the terms, conditions, limitations and exclusions of this Policy.

Nothing in this endorsement increases the Excess Limit of Liability and Participation shown in the Declarations.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

POLICY NUMBER: 795-01-13-10-0000
 NAMED INSURED: KUSUM MANAGEMENT COMPANY
 ISSUE DATE: 01/27/2020
 EFFECTIVE DATE: 12/15/2019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

- EXCESS PROPERTY POLICY – FOLLOWING FORM
- EXCESS PROPERTY POLICY – NAMED PERIL FORM
- EXCESS PROPERTY POLICY – BROAD FORM
- EXCESS PROPERTY POLICY – DIFFERENCE IN CONDITIONS FORM

SCHEDULE

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

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

- A. The following definition is added with respect to the provisions of this endorsement:
“Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a **“certified act of terrorism”** include the following:
1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

- C. **Exception Covering Certain Fire Losses**

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

COMMERCIAL EXCESS PROPERTY

POLICY NUMBER: 795-01-13-10-0000
NAMED INSURED: KUSUM MANAGEMENT COMPANY
ISSUE DATE: 01/27/2020
EFFECTIVE DATE: 12/15/2019

If a “**certified act of terrorism**” results in fire, this Company will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to “**covered property**”. Therefore, for example, the coverage does not apply to Business Income or Extra Expense insurance coverage provided under this Policy, if any.

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

D. Application Of Other Exclusions

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

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED