

**IN THE CIRCUIT COURT OF THE TWELFTH JUDICIAL CIRCUIT
IN AND FOR SARASOTA COUNTY, FLORIDA**

CASE NO.

**ORBITAL AND OCULO-FACIAL
CONSULTANTS, P.A.,**

Plaintiff,

v.

**CERTAIN UNDERWRITERS AT
LLOYDS, LONDON,**

Defendant.

COMPLAINT

Plaintiff, ORBITAL AND OCULO-FACIAL CONSULTANTS, P.A., by and through the undersigned attorney, sues Defendant, CERTAIN UNDERWRITERS AT LLOYDS, LONDON and alleges that at all times material:

NATURE OF ACTION

1. This is an action for Declaratory Judgment pursuant to [Section 86.011, Fla. Stat. *et seq.*] to determine questions of insurance coverage under a policy of insurance issued by the Insurance Company to Plaintiff.

2. This is also an action for breach of an insurance contract for the Insurance Company's failure to pay insurance policy proceeds that were due and owing to Plaintiff under the policy of insurance.

3. This is also an action for negligence for failing to properly disclose insurance coverage, limitations, and exclusions to Plaintiff.

JURISDICTION AND VENUE

4. Plaintiff is a Florida corporation with its principal place of business 2068 Hawthorne St., #201, Sarasota, FL Plaintiff owns and operates a medical practice and primarily provides professional ophthalmologic services at that location.

5. Defendant insurer (the “Insurance Company”) operated, conducted, engaged in, and/or carried on a business or business venture in the State of Florida.

6. The amount of coverage sought in this declaratory judgment action exceeds the jurisdictional limits of this Court. Therefore, this Court has jurisdiction over this action for declaratory judgment pursuant to [Fla. Stat. §86.011].

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

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

POLICY

9. The Insurance Company issued Plaintiff an insurance policy (the “Policy”). A copy of the Policy materials in Plaintiff’s possession is attached as Exhibit “A.” A

¹ Plaintiff has entered “\$30,001” in the civil cover sheet for the “estimated amount of the claim” as required in the preamble to the civil cover sheet for jurisdictional purposes only (the Florida Supreme Court has ordered that the estimated “amount of claim” be set forth in the civil cover sheet for data collection and clerical purposes only). The actual value of Plaintiff’s claim will be determined by a fair and just jury in accordance with Article 1, Section 21, Fla. Const.

certified copy of the Policy is in the exclusive control of the Insurance Company, and Plaintiff expects the Insurance Company will produce the certified copy in discovery.

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

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

AGENCY AND VICARIOUS LIABILITY

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

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

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

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

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

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

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

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

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

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

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

- a. A representation by the Insurance Company that the Insurance Company's Agent(s) was its insurance agent and could provide insurance or otherwise act on the Insurance Company's behalf;
- b. A reliance on that representation by others, including Plaintiff; and

- c. A change in position by others, in reasonable reliance of the representation, including reasonable reliance by Plaintiff, evidenced by Plaintiff's purchase of the Insurance Company's insurance policy from the Insurance Company's Agent.

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

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

VIRUS/PANDEMIC

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

25. As a result of spread of the SARS-CoV-2 virus and COVID-19 pandemic, state and local governments issued executive orders, decrees, and mandates which limited persons' movements and interactions to, and limited business establishment to providing, only those necessary to obtain or provide certain essential services or conduct certain essential activities. The orders, decrees, and mandates affected persons' willingness and ability to patronize business establishments, including Plaintiff's business.

26. Additionally, other social issues either related or unrelated to the pandemic caused persons to cease or limit patronizing business establishments, including Plaintiff's business, during the time of the SARS-CoV-2 virus and COVID-19 pandemic. Such issues

included, but were not limited to, media coverage surrounding the pandemic, and persons' personal desires to stay at home and "shelter in place" to avoid the pandemic.

DIRECT PHYSICAL LOSS

27. The insured property is not able to function as intended by Plaintiff and Defendants due to the existence of: the SARS-CoV-2 virus; COVID-19; the COVID-19 related pandemic; the governmental orders, decrees, and mandates; and the social issues described above. Plaintiff lost the use of the insured property for its intended purpose and as a result, Plaintiff was and is not able to provide its usual and customary services at the insured property, and has necessarily had to suspend its business activities occurring at the insured property.

28. Plaintiff's loss of use of the insured property and insured property's inability to function as intended by Plaintiff and Defendant is a direct physical loss as contemplated by the Policy.

29. As a result of this direct physical loss, Plaintiff has suffered loss of business income, has incurred extra expenses to minimize the suspension of business and continue its operations, and has suffered other losses and damages.

COUNT I – DECLARATORY JUDGMENT

Plaintiff adopts and re-alleges all allegations contained in paragraphs 1 through 29 above, as though fully set forth in this Count.

30. Plaintiff is unsure of Plaintiff's right to coverages for direct physical loss, business interruption coverage, extra expense coverage, and other coverages available under the Policy. Plaintiff believes the Policy provides coverage for all its pandemic related injuries, damages, and losses. Plaintiff has therefore filed this action seeking a

determination whether the Policy provides coverage to Plaintiff for these injuries, damages, and losses.

WHEREFORE Plaintiff, ORBITAL AND OCULO-FACIAL CONSULTANTS, P.A., respectfully requests this Court grant Declaratory Judgment for Plaintiff, declaring:

- A. Plaintiff has sustained direct physical loss.
- B. Plaintiff's loss is a covered loss which is not excluded or limited under the Policy.
- C. Plaintiff's loss is a covered loss resulting from an act or decision of a person or governmental body, and is therefore a covered ensuing loss.
- D. Plaintiff has sustained loss of Business Income due to the necessary suspension of its operations during the period of restoration.
- E. The suspension of operations was caused by direct physical loss to property at the insured premises.
- F. Plaintiff incurred extra expense to avoid or minimize the suspension of business and to continue operations.

COUNT II – BREACH OF THE INSURANCE POLICY

Plaintiff adopts and re-alleges all allegations contained in paragraphs 1 through 29 above, as though fully set forth in this Count.

31. While the Policy was in full force and effect, Plaintiff sustained direct physical loss to covered property from a covered cause of loss. Plaintiff also suffered loss of business income and extra expense, in addition to other losses and damages.

32. Plaintiff notified the Insurance Company of its losses.

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

34. The Insurance Company has failed to provide the coverages for Plaintiff's losses, and has failed to pay for all of Plaintiff's losses. The Insurance Company has denied all coverage for Plaintiff's claim.

35. The Insurance Company's failure to pay for Plaintiff's covered losses is a material breach of contract.

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

WHEREFORE Plaintiff, ORBITAL AND OCULO-FACIAL CONSULTANTS, P.A., demands judgment against Defendant, CERTAIN UNDERWRITERS AT LLOYDS, LONDON, for all covered losses with interest on any overdue payments, any incidental and foreseeable consequential damages caused by the breach of contract, plus attorney's fees and costs pursuant to Sections 626.9373, 57.041, and 92.231, Fla. Stat.

COUNT III – NEGLIGENCE

Plaintiff adopts and re-alleges all allegations contained in paragraphs 1 through 29 above, as though fully set forth in this Count.

37. This Count applies to the extent the Insurance Company denies coverage for any of Plaintiff's injuries, losses, and damages related to: the SARS-CoV-2 virus; COVID-19; the COVID-19 related pandemic; the governmental orders, decrees, and mandates; and the social issues described above. This includes the denial of coverage for any reason, including for the Policy's alleged failure to provide coverage for Plaintiff's

losses, or for any asserted exclusion the Insurance Company asserts is in any way related to the novel coronavirus/COVID-19.

38. The Insurance Company's Agent(s) were insurance agent(s) who undertook to provide insurance advice and secure appropriate insurance for Plaintiff, including coverage for loss of business income and losses associated with loss of use of the insured property and loss of the insured property's inability to function as intended.

39. Once the Insurance Company's Agent(s) undertook to provide the advice and secure such insurance coverage, the Insurance Company's Agent(s) owed a duty to act with reasonable care in providing the advice and obtaining insurance for Plaintiff.

40. The Insurance Company's Agent(s) owed Plaintiff a duty to explain the following issues clearly and unambiguously before issuing and renewing the Policy to Plaintiff:

a. All coverage, exclusions, and limitations for loss or damage, including loss or damage caused by virus or pandemic.

b. All coverage, exclusions, and limitations for property, business interruption, loss of business income, acts of civil authority, losses and damage to dependent property, time elements, and related issues.

41. Had the Insurance Company's Agent(s) explained the Policy's coverage, exclusions, and limitations to Plaintiff, Plaintiff would not have chosen the Policy and would have chosen appropriate coverage through the Insurance Company or another insurer.

42. The Insurance Company's Agent(s) breached the Insurance Company's Agent's duty by failing to properly explain all coverage, exclusions, and limitations, and by failing to procure appropriate insurance for Plaintiff, including coverage for the losses Plaintiff has experienced as a result of the SARS-CoV-2 virus; COVID-19; the COVID-19 related pandemic; the governmental orders, decrees, and mandates; and the social issues described above.

43. As a direct and proximate result of the Insurance Company's Agent's breach of duty to Plaintiff, Plaintiff has suffered lack of coverage, injuries, losses, and damages.

44. The Insurance Company is vicariously liable for the actions, inactions, and omissions of the Insurance Company's Agent(s), as more fully described above.

WHEREFORE Plaintiff, ORBITAL AND OCULO-FACIAL CONSULTANTS, P.A., hereby demands judgment for all injuries, losses, and damages allowable by law against Defendant, CERTAIN UNDERWRITERS AT LLOYDS, LONDON.

COUNT IV – NEGLIGENT MISREPRESENTATION

Plaintiff adopts and re-alleges all allegations contained in paragraphs 1 through 29 above, as though fully set forth in this Count.

45. The Insurance Company's Agent(s) affirmatively represented, and made statements of material fact, to Plaintiff about his and/or her ability to procure, and procuring, appropriate insurance for Plaintiff. The Insurance Company's Agent(s) may have believed these representations and statements to be true but, in fact, the representations and statements were false, because the insurance procured for Plaintiff was inappropriate for Plaintiff's needs.

46. The Insurance Company's Agent(s) were negligent in making the representations and statements because as an insurance agent, Insurance Company's Agent(s) should have known the representations and statements regarding the sufficiency of the insurance were false in light of an insured's needs for business interruption coverage during a virus or pandemic.

47. In making the representations and statements concerning the sufficiency of the insurance, the Insurance Company's Agent(s) intended or expected that Plaintiff would rely on the representations and statements, and purchase the Policy.

48. Plaintiff justifiably relied on the Insurance Company's Agent's false representations and statements concerning sufficiency of the commercial liability insurance the Insurance Company's Agent(s) recommended, and purchased the Policy.

49. As a direct and proximate result of the Insurance Company's Agent's negligent misrepresentations, Plaintiff has suffered loss of coverage, injuries, losses, and damages.

50. The Insurance Company is vicariously liable for the actions, inactions, and omissions of the Insurance Company's Agent(s) as more fully described above.

WHEREFORE Plaintiff, ORBITAL AND OCULO-FACIAL CONSULTANTS, P.A., hereby demands judgment for all injuries, losses, and damages allowable by law against Defendant, CERTAIN UNDERWRITERS AT LLOYDS, LONDON.

JURY DEMAND

Plaintiff demands a jury trial on all issues to which it is so entitled.

Dated this 7th day of August, 2020.

/s/ Seth Kerr

Seth Kerr, Esq.
Morgan & Morgan, Tampa, P.A.
One Tampa City Center
201 N. Franklin Street, 7th Floor
Tampa, FL 33602
Tele: (813) 223-5505
Fax: (813) 223-5402
Florida Bar #: 22658
Attorney for Plaintiff
skerr@forthepeople.com
aplayer@forthepeople.com

Florida Notice and Stamp

Insured's Name: Orbital & Oculo-Facial
Surgery Consultants PA, Ellie Messina
DBA: Hawthorne Clinic & Research
Center, Antibody Investments, LLC

Policy # AMR-63609-01

UMR # B123019AMR1269
(Lloyd's Policies Only)

Policy Dates: From: 06/21/2019 To: 06/21/2020

Surplus Lines Agent's Name: Arthur J. Forenza Jr.

Surplus Lines Agent's Address: 4221 W. Boy Scout, Ste 190, Tampa FL 33607

Surplus Lines Agent's License #: A087412

Producing Agent's Name: Suzanne Trebing

Producing Agent's Physical Address: 7120 Beneva Road, Sarasota, FL 34238

“THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.”

“SURPLUS LINES INSURERS’ POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.”

Policy Premium

Company Fee

Policy Fee: \$

Inspection Fee

Tax:

Servi

\$

Dca empa commercial fee

Citizen's Assessment: _____

FHCP Assessment: _____

Surplus Lines Agent's Countersignature:



FLORIDA NOTICES

FLORIDA SURPLUS LINES NOTICE (GUARANTY ACT)

THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

LMA9037
September 1, 2013

FLORIDA SURPLUS LINES NOTICE (RATES AND FORMS)

SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.

LMA9038
September 1, 2013

LMA 9037/38
September 1, 2013

This Declaration Page is attached to and forms part of Certificate Provisions.

Previous Account No. <u>578170</u>	Account ID <u>665578</u>
Name and address of the Insured <u>Orbital and Oculo Facial Surgery Consultants PA</u>	Producer <u>Brown & Riding</u>
<u>DBA: Hawthorne Clinic & Research Center Antibody</u>	<u>3405 Piedmont Road Suite 470</u>
<u>C/O: Ellie Messina</u>	<u>Atlanta, GA 30305</u>
<u>2068 Hawthorne Street #201</u>	
<u>Sarasota, FL 34239</u>	

Effective From 06/21/2019 To 06/21/2020 ;
 Both days at 12:01 a.m. standard time at the Insured's mailing address.
 Insurance is effective with: Insurer(s) as stated on Form AR CA - Contract Allocation Endorsement

**This Policy consists of the following coverage parts for which a premium is indicated -
 This premium may be subject to adjustment.**

COMMERCIAL PROPERTY COVERAGE PART	Certificate/Policy No.		Premium
Certain Underwriters at Lloyd's, London	AMR-63609-01	Property	\$ <u>██████████</u>
One Lime Street, London EC3M 7HA		TRIA	\$ <u>0</u>
c/o Thompson Heath and Bond Limited, 107 Leadenhall Street, London EC3A 4AF			

Inspection Fee \$ 0

Total \$ ██████████

Minimum Earned Premium = ██████████

Dated 07/17/19 By 

Correspondent and/or Program Manager for the Company(ies)
 AmRisc, LLC, 20405 SH 249, Suite 430, Houston, TX 77070

State stamp if applicable
 CERTCO 01 19

The Correspondent and/or Program Manager is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever.

SCHEDULE OF FORMS AND ENDORSEMENTS

Account No.
665578

NAMED INSURED
Orbital and Oculo Facial Surgery Consultants PA

Forms and Endorsements

LMA 9037-38 09 01 13	FLORIDA NOTICES
CERTCO 01 19	DECLARATION PAGE
FORMS SCHEDULE	SCHEDULE OF FORMS AND ENDORSEMENTS
CHANGE END PAGE	POLICY ENDORSEMENT PAGE
CP 12 05 11 85	SUPPLEMENTAL DECLARATIONS
AR CA 03 18	CONTRACT ALLOCATION ENDORSEMENT
IL 00 17 11 98	COMMON POLICY CONDITIONS
CP 00 90 07 88	COMMERCIAL PROPERTY CONDITIONS
AROL PE 03 19	ONLINE PROPERTY ENDORSEMENT
AR CCP 01 17	CAT COVERED PROPERTY ENDORSEMENT
LLOYDS SOS 03 17	LLOYDS OF LONDON AMENDATORY ENDT
PN CW 01 0119	FRAUD NOTICE
U-GU-1041-A LMA3100	OFAC NOTICE AND SANCTION LIMITATION CLAUSES
AR CYSN 08 14	CALENDAR YEAR NAMED STORM DEDUCTIBLE
AR 00 01 08 17 B	ONLINE PROPERTY ENHANCEMENT ENDORSEMENT
EDP-1 07 08	ELECTRONIC DATA PROCESSING
UE&O-1 07 08	UNINTENTIONAL ERRORS AND OMISSIONS
AR EBD 10 16	EQUIPMENT BREAKDOWN COVERAGE AND SCHEDULE (AROL)
CP 12 70 09 96	JOINT OR DISPUTED LOSS AGREEMENT ENDT
CP 00 10 10 12	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 32 10 12	BUSINESS INCOME WITHOUT EXTRA EXPENSE COVERAGE FORM
CP 00 50 10 12	EXTRA EXPENSE COVERAGE FORM
CP 03 20 04 18	MULTIPLE DEDUCTIBLE FORM ENDT
AR 03 21L 11 05	VALUES PER LOCATION WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE ENDT
AR 04 05 07 08	ORDINANCE OR LAW COVERAGE ENDT
CP 10 30 09 17	CAUSES OF LOSS-SPECIAL FORM
CP 14 10 06 95	ADDITIONAL COVERED PROPERTY ENDT
IL 02 55 03 16	FLORIDA CHANGES - CANCELLATION AND NONRENEWAL ENDT
CP 01 25 02 12	FLORIDA CHANGES ENDT
IL 04 01 02 12	FLORIDA SINKHOLE LOSS COVERAGE ENDT
IL 09 53 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM ENDT
AR EPE 08 18	ENHANCEMENT PLUS ENDORSEMENT
CP 15 31 10 12	ORDINANCE OR LAW - INCREASED PERIOD OF RESTORATION
AROL CYBER 01 17	AMRISC ONLINE CYBER ENDORSEMENT

Additional Miscellaneous Forms

(The Attaching Clause needs to be completed only when this endorsement is issued subsequent to preparation of the policy.)

ENDORSEMENT 1

This endorsement, effective on 06/21/2019, at 12:01 A.M. standard time, forms a part of:

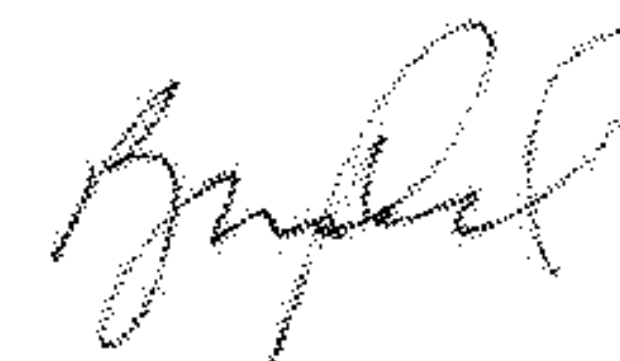
Account No. 665578

Certain Underwriters at Lloyd's, London

AMR-63609-01

Issued to: Orbital and Oculo Facial Surgery Consultants PA

By: See Contract Allocation Endorsement AR CA



Authorized Representative

1. The following sublimit(s) shall apply:

\$25,000 Per Occurrence as regards Extra Expense 40%; 80%; 100%
[per form CP 00 50]

2. Replacement Cost Valuation shall apply as regards to Real & Personal Property; Except roof coverings to be Actual Cash Value if originally installed or last fully replaced prior to 2004.
3. Coverage explicitly excludes all flooding, including but not limited to flooding during windstorm events.
4. Coverage excludes all damage directly or indirectly caused by any Named Storm in existence upon AmRisc receipt of written request to bind.
5. All Buildings with outstanding damage are excluded. Contact Underwriter if waiver needed.
6. The complete Named Insured listing, if applicable, is per schedule on file with AmRisc.
7. Warrant fire protection sprinklers are provided throughout all buildings, as noted in AmRisc Application.
8. Warrant no known sinkhole activity at the insured Location(s) or within 1000 ft. of the insured Location(s).
9. Warrant no losses last 3 years on properties to be covered unless specified in AmRisc Application - Statement of Values.
10. Warrant no expiring AmRisc markets that are quoted herein unless exception by the underwriter.
11. Warrant no Exterior Insulation and Finish Systems (EIFS) Construction.

**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

ACCOUNT NO. 665578 **COMPANY** See Contract Allocation Endorsement AR CA
NAMED INSURED Orbital and Oculo Facial Surgery Consultants PA
DESCRIPTION OF PREMISES REAL OFFICE - LOW RISE

PREM. NO.	BLDG. NO.	LOCATION, CONSTRUCTION AND OCCUPANCY
ALL	ALL	Per schedule on file with Program Manager.

COVERAGES PROVIDED

PREM. NO.	BLDG. NO.	COVERAGE	LIMITS OF INSURANCE	COVERED CAUSES OF LOSS	COINSURANCE* RATES
ALL	ALL	Real & Personal Property and Business Income/Rents.	Per schedule on file with Program Manager; subject to sublimits stated elsewhere in the policy; and based on Total Insurable Values of \$872,500.	Special Perils, Excluding Flood and Earthquake.	80%

OPTIONAL COVERAGES *IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT

PREM. NO.	BLDG. NO.	AGREED VALUE			REPLACEMENT COST (X)	
		EXPIRATION DATE	COVERAGE	AMOUNT	BUILDING	PERSONAL PROPERTY INCLUDING "STOCK"
ALL	ALL				See Endorsement #1	See Endorsement #1

PREM. NO.	BLDG. NO.	INFLATION GUARD (Percentage)		*MONTHLY LIMIT OF	*MAXIMUM PERIOD	*EXTENDED PERIOD
		BUILDING	PERSONAL PROPERTY	INDEMNITY (Fraction)	OF INDEMNITY (X)	OF INDEMNITY (Days)
ALL	ALL			1/12		

MORTGAGE HOLDERS *APPLIES TO BUSINESS INCOME ONLY

PREM. NO.	BLDG. NO.	MORTGAGE HOLDER NAME AND MAILING ADDRESS
ALL	ALL	All mortgage holders, lien holders, additional insureds, loss payees, and certificate holders are per schedule on file with Program Manager.

FORMS APPLICABLE TO SPECIFIC PREMISES/COVERAGES

PREM. NO.	BLDG. NO.	COVERAGES	FORM NUMBER
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CONTRACT ALLOCATION ENDORSEMENT

Effective Date: 6/21/2019

This insurance is effected with certain insurance underwriters (hereinafter called the "Underwriters"). The following words shall be deemed to be synonymous: "Underwriters", "Insurers" and "Company".

The liability of each Underwriter on this contract with the Insured is limited to the participation amount shown in the schedule below. The liability of each separate contract listed and for each Underwriter represented thereby for any loss or losses or amounts payable is several as to each and shall not exceed its participation percentage shown below and there is no joint liability of any Underwriters pursuant to this contract. An Underwriter shall not have its liability hereunder increased or decreased by reason of failure or delay of another Underwriter, its successors, assigns, or legal representatives. Any loss otherwise payable under the provisions of the attached policy that exceeds the allocation of "Risk" as defined herein shall be borne proportionately by the contracts as to their limit of liability at the time and place of the loss bears to the total allocated limits herein.

This contract shall be constructed as a separate contract between the Insured and each of the Underwriters. This evidence of coverage consists of separate sections of a composite insurance for all Underwriter's at Lloyd's combined and separate policies issued by the insurance company(ies), all as identified below. This evidence of coverage does not constitute in any manner or form a joint certificate of coverage by Underwriter's at Lloyd's with any other insurance company(ies).

In witness whereof, the following Underwriters execute and attest these presents, and subscribe for the amount of insurance provided.

The security is as noted below.

LAYER OF PARTICIPATION	PERILS (AS PER POLICY)	CONTRACT #	COMPANY CODE	POLICY # / CERTIFICATE #	PARTICIPATION	rate
\$50,000 excess of Deductibles	CYB	B123019AMR1271	Lloyds	AMR-63609-01	\$50,000	100.0000% \$0.000
\$872,500 excess of Deductibles	EBD	B123019AMR1088	Lloyds	AMR-63609-01	\$872,500	100.0000% \$0.000
\$872,500 excess of Deductibles	NW	B123019AMR1269	Lloyds	AMR-63609-01	\$872,500	100.0000% \$0.438
\$872,500 excess of Deductibles	SP EXCL NW	B123019AMR1269	Lloyds	AMR-63609-01	\$872,500	100.0000% \$0.142

ALLOCATION OF LIABILITY:

The contracts herein cover mutually exclusive perils. The maximum limit of liability is not to exceed the per occurrence participation stated herein, regardless of whether multiple perils and multiple contracts are involved. Recognition of liability by either of the contracts reduces the limit of liability of any corresponding contract.

The liability otherwise determined to exist under the terms and conditions of this policy shall be borne by the contract covering the proximate cause of loss identified in the allocation of security. Any loss covered by the policy by a peril not allocated to a contract herein shall be borne by the contract covering the most comprehensive perils, generally in accordance with the ISO Special Causes of Loss Contracts. The liability of the policy shall not be increased or decreased by any condition of the allocation to specific contracts on this endorsement.

Covered perils shall be defined by the applicable forms attached to this policy or otherwise as per the industry standard definition.

SYMBOLS USED HEREIN:	CAUSE OF LOSS	SYMBOL	CODE	COMPANY
	Basic	BA	Lloyds	Certain Underwriters at Lloyds
	Broad	BR		
	Special	SP		
	All Risk excl F/Q	AR		
	Difference in Conditions	DIC		
	Windstorm and Hail	WH		
	Named Windstorm	NW		
	All Other Windstorm	AOW		
	Named Storm Flood	NF		
	Flood	F		
	All Other Flood	AOF		
	Earthquake	Q		
	Terrorism Coverages (T3)	T		
	Certified Terrorism as Defined by TRIA, if available	T1		
	Non-Certified Terrorism	T2		
	Equipment Breakdown	EBD		
	Excluding	EXCL		
	Including	INCL		
	Cyber/Data Compromise or Cyber Suite	CYB		

"Risk" as per contract terms, shall be defined as follows:

Risk	Basis of Limits
Flood and Earthquake	Any One Occurrence and Aggregate
Named Windstorm	Any One Occurrence
Wind and Hail EXCL NW	Any One Occurrence
All Other Perils EXCL F, Q	Any One Occurrence
T, T1 and T2	Any One Occurrence
Maximum "Risk" is defined as	Any One Occurrence

This schedule forms a part of the original Account # **665578**

by



Authorized Signature

CERTAIN UNDERWRITER'S AT LLOYD'S, LONDON - Syndicate List

If Certain Underwriter's at Lloyd's, London are listed as security on the Contract Allocation Endorsement attached to the policy, the list of syndicates is shown below:

Account #: 665578

Certificate #: AMR-63609-01

Syndicate Number	Syndicate Abbreviation
510	KLN
2987	BRT
33	HIS
2121	ARG
2468	NEO
382	HDU
5000	SPL
2988	BRT
609	AUW
510	KLN
1969	APL
1980	ISN
2623	BEA
3268	AGR
727	SAM
2987	BRT
510	KLN
623	BEA
1886	QBP

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.

- 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.

COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

Part bears to the Limits of Insurance of all insurance covering on the same basis.

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY ENDORSEMENT

WITH RESPECT TO THE COVERAGE PROVIDED BY ALL UNDERWRITERS, CARRIERS AND INSURERS OF THIS POLICY, THE FOLLOWING CLAUSES SHALL APPLY.

Throughout this Policy, the word "Assured" shall be synonymous with "Insured"; the words "we", "us", "our", shall be synonymous with "Underwriters", "Insurers" and "Company(ies)"; the word "Certificate" shall be synonymous with "Policy", the word "Schedule" shall be synonymous with "Declarations", the word "peril" shall be synonymous with "cause of loss", and the term "limit of liability" is synonymous with "limit of insurance".

1. Additional Conditions

A. Debris Removal

NMA 2340 11/24/1988 (USA date) - amended

THIS CLAUSE CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Clause shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is cancelled and replaced by the following:

1. In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as "Damage or Destruction"), this Policy also insures, within the Sum Insured, subject to the limitations, and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses;
 - (a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and
 - (b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.
2. In calculating the amount, if any, payable under the Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):
 - (a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of US\$25,000 (twenty-five thousand dollars) or 25% (twenty-five percent) of the amount of the Damage or Destruction from which such costs or expenses result; and
 - (b) the amount of such costs or expenses limited in (a) above shall be added to:
 - (i) the amount of the Damage or Destruction; and

- (ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

**B. Occurrence Limit of Liability
Form No. AR 2**

It is understood and agreed that the following special terms and conditions apply to this policy.

1. The Limit of Liability or Amount of Insurance shown on the face of this policy, or endorsed onto this policy, is the total of the Company's liability applicable to each occurrence, as hereafter defined. Notwithstanding any other terms and conditions of this policy to the contrary, in no event shall the liability of the Company exceed this limit or amount irrespective of the number of locations involved.

The term "occurrence" shall mean any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or series of losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief, one event shall be considered to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the first loss to any covered property occurs.

2. The premium for this policy is based upon the Statement of Values on file with the Program Manager, or attached to this policy.
3. In event of loss hereunder, liability of the Company, subject to terms of paragraph one (1) above, shall be limited to the least of the following:
 - a. The actual adjusted amount of loss, less applicable deductibles (s).
 - b. 100% of the individually stated value for each scheduled item of property involved, as shown on the latest Statement of Values on file with the Program Manager, less applicable deductible(s).
 - c. The Limit of Liability or Amount of Insurance shown on the face of this policy or endorsed onto this policy.
4. Sublimits: Any sublimits provided shall be included within the applicable limits of insurance. Coverage provided by any sublimits does not increase the applicable limits of insurance.

**C. Several Liability Clause
LMA5096 03/08 (Combined Certificate)**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has

underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA United Kingdom. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

Wherever the word Insurers is mentioned in the LMA 5096 (Combined Certificate) this is deemed to also mean reinsured in respect of reinsurance business.

D. Claims Reporting and Adjustment

All Claims shall be reported to: AmRisc, LLC Claims Department
E-Mail: claims@amrisc.com
Ph: 252-247-8796
Fax: 252-726-2855

All Claims shall be adjusted by: Cramer, Johnson & Wiggins
12650 Ingenuity Drive, Suite 200, Orlando, FL 32804

and/or its assigned adjusters and the costs of such adjustments shall be borne by each Company in proportion to its pro-rata participation in this policy.

In the event the Company(s) elects to use its own adjusters or independent adjusters or consultants other than as listed above, expenses so incurred shall be borne solely by the Company.

It is further understood and agreed that, notwithstanding any provision contained elsewhere in this policy to the contrary, the Insured will be deemed to be in full compliance with any claim notice requirements, if notice of an occurrence is made to the Company(ies) as soon as practicable after knowledge by the Insured or their representatives, that such occurrence will, or is likely to result in a claim under the policy. Any unintentional failure to report any occurrence or claim shall not invalidate coverage with respect to any such occurrence or claim.

E. Ordinance or Law Coverage Amendment

The insurer(s) shall not be liable for Ordinance or Law coverage, if provided by this policy, unless the covered loss to the insured building equals or exceeds 50% of the Building's total Replacement Cost.

F. Property Abandoned, Condemned Or In A State Of Disrepair

If at the date of loss to property covered by this policy, the condition of the property prior to the loss is found to be either:

- a. abandoned, or
- b. condemned, or
- c. in a state of disrepair,

then, recovery under this policy for damage from a covered peril/cause of loss is limited to the lesser of:

- (1) the cost to repair at Actual Cash value, or
- (2) the Actual Cash Value of the property prior to the loss, or
- (3) \$10,000.

This limit applies per occurrence and in the annual aggregate and includes any and all applicable additional coverage offered by this policy, such as, but not limited to, debris removal expense.

G. Cancellation and Additions or Deletions:

1. This Policy can be canceled by the First Named Insured by providing the Companies with:
 - a. An advanced written request for cancellation stating when the cancellation shall be effective, and
 - b. The original Policy or a lost policyholder release signed by the First Named Insured or its legal representative.
2. This Policy may be canceled by the Companies by giving to the Insured at least thirty (30) days written notice of cancellation or in the case of non-payment of premium or material mis-statement, at least ten (10) days written notice of cancellation.
3. The cancellation will be effective even if the Companies have not made or offered a refund. If notice is mailed, proof of mailing will be sufficient proof of notice.
4. If this Policy is canceled, the Companies will send the First Named Insured any premium refund due.
5. Earned Premium:
 - a. For Locations NOT "Exposed to Hurricanes", if the Insured cancels this Policy or removes a Location, the short rate return premium is 90% of applicable pro-rata premium subject to any Minimum Earned Premium stipulations in the Policy.
 - b. For Locations "Exposed to Hurricanes", if the Insured cancels this Policy, removes a Location or reduces the amount of insurance on a Location and coverage existed any time during the period of June 1st to November 1st, the amount of premium the Companies will return will be the Unearned Premium for the **Location**. The Unearned Premium is the **Location** premium times the Unearned Factor noted below:

Days Policy in Force	Unearned Factor
1-180	20.0%

181-210	15.0%
211-240	10.0%
241-270	7.5%
271-300	5.0%
301-330	2.5%
331 or more	0%

- c. However, subject to receipt of closing documents within 30 days of closing, this Policy allows pro-rata return premium for locations sold, but not for loss of management contract unless the management contract is lost due to the sale of the property.
- d. For Locations "Exposed to Hurricanes", if added (or coverage increased at an existing location which is "Exposed to Hurricanes") during the term of the Policy and coverage exists at any time during the period of June 1st to November 1st, the premium will be calculated at 100% of the annual rate, less the Unearned Factor noted in b. above. Otherwise, it shall be pro-rata.

However, subject to receipt of closing documents, this Policy allows pro-rata additional premium for Locations purchased during the policy term.

- e. Locations of like kind and quality shall be added at the account rate, subject to the Unearned Factor noted in b. above. Locations of differing kind or quality or locations in Dade, Broward or Palm Beach counties of Florida must be approved by the Program Manager prior to attachment.
- f. If a Location is "Exposed to Hurricanes", the provisions of this clause replace any short rate provisions stipulated in this Policy, all subject to the Minimum Earned Premium provisions.
- g. "Exposed to Hurricanes" is defined to include any **Location** within 100 miles of the closest salt water of the Atlantic Ocean or the Gulf of Mexico.
- h. Coverage cannot be increased nor additional Locations added if they are "Exposed to Hurricanes" and a Named Storm is in existence, unless with the express written consent of the Program Manager.
- i. Nothing herein will act to provide coverage outside the automatic acquisition clause elsewhere in the Policy.
- j. Proof of mailing will be sufficient proof of notice of cancellation.
- k. In the event of a total loss or constructive total loss to Covered Property by a Covered Cause of Loss, the premium applicable to that Covered Property shall be fully earned and no return premium will be due to the Insured.

H. Application of Deductible

In the event the Deductible is "per Building" and at the time of loss the values shown on the Statement of Values on file with the Program Manager are not individually stated for each Building, Structure, Business Personal Property, or Time Element at each location, the following shall apply to determine the breakdown of values:

- 1) The value for each **Building** and structure will be developed by multiplying the total reported Building and Structure value by the proportion that the square footage of the individual Building or Structure bears to the total square footage reported for all Buildings and Structures contemplated in the total reported Building and Structure value.
- 2) The value of Business Personal Property at each location will be developed by multiplying the total reported Business Personal Property value by the proportion that the square footage of all Buildings and Structures at the individual location bears to the total square footage of all Buildings and Structures at all locations contemplated in the total reported Business Personal Property value.
- 3) The value of the Business Income or Loss of Rents will be developed by multiplying the total reported Business Income or Loss of Rents by the proportion that the square rentable footage of the individual Building or Structure bears to the total square rentable footage reported for all Buildings and Structures contemplated in the total reported Business Income or Loss of Rents value.

2. Additional Exclusions

A. Nuclear, Biological, Chemical, and Radiological Exclusion

- a. The Companies will not pay for any loss, damage, cost or expense, whether real or alleged, that is caused, results from, is exacerbated by or otherwise impacted by, either directly or indirectly, any of the following:
 - 1) Nuclear Hazard – including, but not limited to, nuclear reaction, nuclear detonation, nuclear radiation, radioactive contamination and all agents, materials, products or substances, whether engineered or naturally occurring, involved therein or released thereby;
 - 2) Biological Hazard – including, but not limited to, any biological and/or poisonous or Pathogenic agent, material, product or substance, whether engineered or naturally occurring, that induces or is capable of inducing physical distress, illness, or disease;
 - 3) Chemical Hazard – including, but not limited to, any chemical agent, material, product or substance;
 - 4) Radioactive Hazard – including, but not limited to, any electromagnetic, optical, or ionizing radiation or energy, including all generators and emitters thereof, whether engineered or naturally occurring.
- b. The provisions of subparagraphs a.2) and a.3) will not apply where the agent, material, product or substance at issue is utilized in the course of business by an Insured.
- c. Only if and to the extent required by state law, the following exception to the exclusions in Paragraph a. applies:

If a hazard excluded under Paragraph a. results in Fire (and provided Fire is a Covered Peril), the Companies will pay for the loss, damage, cost or expense caused by that Fire, subject to all applicable policy provisions including the Limit of Insurance on the affected Covered Property. Such coverage for Fire applies only to direct loss or damage by Fire to Covered Property. This coverage does not apply to insurance provided under Time Element, including but not limited to, Business Income, Rental Value or Extra Expense coverage or endorsements that apply to those coverages.

**B. Terrorism Exclusion
NMA2920 10/8/01 (USA date)**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**C. Asbestos
07/08**

1. We will not pay for loss, damage or remediation expenses caused by or resulting from the presence of asbestos or asbestos-containing materials. As used in this exclusion remediation expenses are expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, abatement or neutralization of asbestos or asbestos-containing materials to the extent required by federal, state or local laws, regulations or statutes or any subsequent amendments thereof to address asbestos.
2. However, this Asbestos exclusion does not apply to the extent that coverage is provided under the following:

This policy insures asbestos physically incorporated in an insured building or structure, and the only part of the asbestos which has been physically damaged during the policy period by one of these Listed Perils:

FIRE; SMOKE; EXPLOSION; LIGHTNING; WINDSTORM; HAIL; DIRECT IMPACT OF VEHICLE, AIRCRAFT OR VESSEL; RIOT OR CIVIL COMMOTION;

VANDALISM OR MALICIOUS MISCHIEF; ACCIDENTAL DISCHARGE OF FIRE PROTECTIVE EQUIPMENT

This coverage is subject to all limitations in the policy to which this endorsement is attached and, in addition, to each of the following specific limitations:

- a. The said building or structure must be insured under this policy for damage by this Listed Peril.
- b. The Listed Peril must be the immediate, sole cause of the damage to the asbestos.
- c. The Assured must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However this policy does not insure any such damage first reported to Underwriters more than 12(twelve) months after the expiration, or terminations, of the policy period.
- d. Insurance under this policy in respect of asbestos shall not include any sum relating to:
 - (1) any faults in the design, manufacture or installation of the asbestos
 - (2) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.

D. Electronic Data & Media Exclusion

Damage or consequential loss directly or indirectly caused by, consisting of, or arising out of:

- a. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,
- b. Any corruption, destruction, distortion, erasure, "computer virus", or any other loss or damage to data, media, software, or any kind or programming or instruction set,
- c. Loss of use or functionality, whether partial or entire, of data, media, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing inability or failure of the Insured to conduct business, as a result thereof.

"Computer Virus" means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. "Computer Virus" includes, but is not limited to, "Trojan Horses," "worms" and "time or logic bombs".

However, in the event that a "Defined Cause of Loss" (as defined under Definitions below) results from any of the matters described in paragraphs a. – c. above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the policy period to property insured by this Policy directly caused by such Defined Cause of Loss.

E. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the "Electronic Data" from back-up or from originals of a previous generation. These costs will not include research and engineering or any costs of recreating, gathering or assembling such "Electronic Data". If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such "Electronic Data" to the Assured or any other party, even if such "Electronic Data" cannot be recreated, gathered or assembled.

F. Electronic Date Recognition Exclusion (EDRE)
NMA 2802 12/17/1997 (USA date)

This policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

1. the calculations, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
2. any change, alteration or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

G. Air/Land/Water Exclusions
NMA2341 11/24/1998 (USA date)

This Policy does not insure:

1. Air, land, land values, and any substance in or on land, or any alteration to the natural condition of the land.
2. Water, except water which is normally contained within any tank, piping system or other process equipment.

H. Seepage And/Or Pollution And/Or Contamination Exclusion
NMA2342 11/24/1988 (USA date)

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

- (a) any loss, damage, cost or expense, or
- (b) any increase in insured loss, damage, cost or expense, or

- (c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

Which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

- (a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- (b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

I. Limited Pollutant Clean Up and Removal 08/07

Subject to the absolute Seepage/Pollution/Contamination Exclusion stated in this endorsement, this policy shall provide Pollutant Clean Up and Removal, if such extension is provided elsewhere in this policy.

J. Fungus, Mold(s), Mildew, Spores or Yeast Exclusion

Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from Fungus, Mold(s), Mildew, Spores or Yeast; or any spores or toxins created or produced by or emanating from such Fungus, Mold(s), Mildew, Spores or Yeast.

However, this exclusion shall not apply provided the Insured establishes that the fungus, mold(s), mildew, spores or yeast is a direct result of a covered loss from a Defined Cause of Loss or Flood (provided Flood is a covered peril) and provided this loss is reported to the Companies within twelve (12) months from the expiration date of the policy. The Companies' liability shall then be limited to \$500,000 as respects Fire or Lightning and \$15,000 as respects to any other Defined Cause of Loss or Flood (if covered).

K. Exclusion Of Loss Due To Virus Or Bacteria AR 01 40 07 - amended

- a. The exclusion set forth in subparagraph b. below, applies to all coverage under all forms and endorsements that comprise this Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income extra expense or action of civil authority.

- b. The Companies will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from fungus, mold(s), mildew, spores or yeast. Such loss or damage is addressed in a separate exclusion in this Policy.

- c. With respect to any loss or damage subject to the exclusion in subparagraph b. above, such exclusion supersedes any exclusion relating to pollutants or contaminants.
- d. The terms of the exclusion in subparagraph b. above, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded by this Policy.

L. Below Grade Property Exclusion

This policy does not insure against loss or damage to any property located in a basement or any similar enclosed space with its building floor(s) located below ground level on any side, regardless of any other cause or event contributing concurrently or in any other sequence thereto, when such loss or damage is caused by or results from:

1. A general and temporary condition of partial or complete inundation of normally dry land areas from:
 - (a) the overflow of inland or tidal waters;
 - (b) the unusual and rapid accumulation or runoff of surface waters from any source;
 - (c) mudslide or mud flow caused by accumulation of water on or under the ground;
 - (d) the release of water impounded by a dam.
2. water that backs up or flows from a sewer, drain or sump;
3. water above or under the ground surface exerting pressure on, or flowing or seeping through:
 - (a) pavements, foundations, walls, floors, roofs or ceilings;
 - (b) basements, whether floored or not; or
 - (c) doors, windows or other openings.

This Exclusion shall not apply to loss or damage caused by the peril of Fire (if a covered peril), when the same results from any of the events described in sections 1, 2 or 3, above.

This Exclusion shall continue to apply to any Flood Endorsement or Difference In Conditions Form attached to this policy.

M. Pre-existing Damage Provision AR PED 03 06

This policy shall exclude any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing building damage at the time of this Certificate's or policy's inception. This exclusion shall be removed upon substantial completion of repair or reconstruction of the damaged building.

N. Failure of Levees, Dams, Dikes, Floodgates Exclusion

This policy does not insure against any loss or damage due to damage, destruction or overflowing of levees, dams, dikes, floodgates and other similar works, regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage.

This exclusion shall not apply if the peril of Flood is covered by this policy.

O. Named Storm Restriction

This policy shall exclude all damage directly or indirectly caused by a "Named Storm" that is in existence at the time that written request to bind is given to the Program Manager, until coverage for such "Named Storm" has been bound by written agreement between the Program Manager and the First Named Insured. In addition, no increase in limits or additional coverages will be provided for any insured Location(s) threatened by such "Named Storm", until coverage for such "Named Storm" has been bound by written agreement between the Program Manager and the First Named Insured.

P. Marijuana and Schedule 1 Controlled Substance Exclusion

This policy does not insure against any loss or damage to any Property, including related Expenses and Business Income, as respects Property involving Marijuana or Schedule 1 Controlled Substances.

3. Definitions

A. Actual Cash Value

IL 01 66 07 02

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

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

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

B. Building

Building is defined as a fully enclosed permanent structure with walls and a continuous roof; and such structure while in the course of construction.

C. Defined Cause of Loss

Means Fire, Lightning, Explosion, Windstorm or Hail, Smoke, Aircraft or Vehicle Impact, Riot, Strike or Civil Commotion, Vandalism and Malicious Mischief, or Leakage from Fire Protection Equipment.

D. Electronic Data and Media

Means data, messages, information, coding, programs, instructions or any other software stored on electronic, electromechanical, electromagnetic data processing or electronically controlled production equipment and distributed by means of a computer network or is produced in a format for use with a computer.

E. Exterior Insulation and Finish Systems (EIFS)

EIFS means a non-load bearing, exterior wall cladding system that consists of an expanded foam insulation board attached either adhesively or mechanically, or both, to a substrate; an integrally reinforced base coat; and a textured protective finish coat.

F. Fungus, Mold(s), Mildew, Spores or Yeast:

Fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms.

Mold includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s).

Spore means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms.

G. Hurricane

A hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service.

H. Location

Location means any building, yard, dock, wharf, pier or bulkhead or any group of the foregoing bounded on all sides by public streets, clear Land space or open waterways, each not less than two hundred feet wide. Any bridge or tunnel crossing such street, space or waterway shall render such separation inoperative for the purpose of this definition.

I. Named Storm

The term "Named Storm" shall include, but not be limited to, storm, cyclone, typhoon, atmospheric disturbance, depression or other weather phenomena designated by the US National Hurricane Center and where a name (and not only a number) has been applied.

J. Pollutants or Contaminants

Means any solid, liquid, gaseous or thermal irritant or contaminant, including smog, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act or as designated by the U. S.

Environmental Protection Agency. Waste includes materials to be recycled, reconditioned or reclaimed.

K. Warranty

- a. "Warranty" means any provision of an insurance contract which has the effect of requiring, as a condition precedent of the taking effect of such contract or as a condition precedent of the insurer's liability hereunder, the existence of fact which tends to diminish, or the non-existence of a fact which tends to increase, the risk of the occurrence of loss, damage, or injury within the coverage of the contract.
- b. A breach of warranty shall not void an insurance contract or defeat recovery hereunder unless such breach materially increases the risk of loss, damage or injury within the coverage of the contract. If the insurance contract specified two or more distinct kinds of loss, damage or injury which are within its coverage, a breach of warranty shall not void such contract or defeat recovery hereunder with respect to any kind of loss, damage or injury other than the kind or kinds to which such warranty relates and the risk of which is materially increased by the breach of such warranty.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAT COVERED PROPERTY ENDORSEMENT

This endorsement modifies insurance provided by all Underwriters, Carriers and Insurers of this policy (subject to the Contract Allocation Endorsement AR CA) under the following forms (if attached to this policy):

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
BUILDERS RISK COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM
STANDARD PROPERTY POLICY

As used in this endorsement, the word “peril” is synonymous with “cause of loss”; and the term “limit of liability” is synonymous with “limit of insurance”.

As respects the Perils of Hurricane, Windstorm and Hail, the following is added to A.2 Property Not Covered in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17, BUILDERS RISK COVERAGE FORM CP 00 20 and STANDARD PROPERTY POLICY CP 00 99:

PROPERTY NOT COVERED

1. We do not cover:

a. Other structures

We do not cover other structures on the Described Location set apart from the building by clear space. This includes structures connected to the building or mobile home by only a fence, utility line or similar connection.

b. Animals, birds, or fish, unless owned by others and boarded by you, or if owned by you, only as “stock” while inside a building described on the Declarations;

c. Accounts, bank notes, bills, bullion, coins, currency, deeds, evidences of debt; letters of credit, tickets and stamps, manuscripts, medals, money, notes, bank notes, passports, personal records, or securities;

d. Articles of gold, gold ware; gold-plated ware, silverware, silver-plated ware, platinum; or platinum ware, platinum-plated ware, pewter, pewter ware; or pewter-plated ware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold, pewter or platinum.

e. Aircraft and parts. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo; or if owned by you, only as “stock” while inside a building described in the Declarations.

f. Motor vehicles or all other motorized land conveyances; trailers on wheels. This includes:

(1) Their equipment and accessories; or

(2) Electronic apparatus that is designed to be operated solely by use of the power from the electrical system of motor vehicles or all other motorized land conveyances.

Electronic apparatus includes:

(a) Accessories or antennas; or

- (b) Tapes, wires, records, discs or other media for use with any electronic apparatus described in this item f.

The exclusion of property described in f.(1) and f.(2) above, applies only while the property is in or upon the vehicle or conveyance.

We do cover vehicles or conveyances, other than autos or vehicles you hold for sale, not subject to motor vehicle registration contained within an enclosed structure on the Described Location which are:

- (a) contained within an enclosed structure; and
 - (b) used to service an “insured” location; or
 - (c) designed for assisting the handicapped; and
 - (d) are self-propelled machines; and
 - (e) are not autos or vehicles you hold for sale.
- g. Watercraft and their furnishings, other than rowboats and canoes out of water at the Location described in the Declarations, unless:
 - (1) owned by you only as “stock” when removed from, out of, or not over water; and
 - (2) located in or within 100 feet of the building described in the Declarations.
 - h. Data, including data stored in:
 - (1) Books of account, card index systems, drawings or other paper records; or
 - (2) Electronic data processing tapes, wires, records, drums, cells, discs, magnetic recording, storage or other software media.

However, we do cover up to \$1,000 under item h.(2) the cost of blank or unexposed recording or storage media and of prerecorded computer programs available in the market. This limit does not increase the Coverage B contents Limit of Liability.

If the Electronic Data Processing endorsement EDP-1 is attached to this policy, this exclusion does not apply to the extent that coverage is provided under such endorsement.

- i. Credit cards or fund transfer cards;
- j. Business personal property while airborne, waterborne or in transit;
- k. Pilings, piers, wharves, retaining walls, seawalls, bulkheads, beach or diving platforms or appurtenances, docks or boathouses;
- l. Trees, shrubs, plants, flowers, lawns, tee boxes, fairways, greens, landscaping, bunkers or sand traps, or artificial turf;
- m. Windmills, wind pumps or their towers, or smokestacks;
- n. Awnings, canopies or other roof like projection or covering, whether fabric or not, whether permanent or retractable;
- o. Steeples and fountains;
- p. Grain, hay, straw and other crops, crop silos or their contents;
- q. Bridges, boardwalks, trestles, catwalks, bleachers, dune walks, ramps, roadways, walks, decks, and patios and similar structures, or other paved or graveled surfaces, whether or not attached to the building;
- r. Amusement equipment;

- s. Fabric windscreens on fences;
- t. Any structure or attachment, whether attached or separate from the covered building, where that structure's roof coverings are of fabric, thatch, lattice, or slats and similar material; or where that structure's exterior wall coverings are of fabric, thatch, lattice, or slats and similar material, and personal property within or on these structures;
- u. Slat houses, chickees, tiki huts, gazebos and pergolas or similar structures and personal property contained within or on these structures;
- v. Signs, scoreboards, radio or television antennas or aerials, satellite dishes (including lead-in wiring, masts or towers and their supports), fences, gates, fountains, statues, monuments, utility poles (including light fixtures), light poles, traffic lights and traffic signals.

However, **we do cover** solar paneling and other similar water heating or electrical apparatus when:

- (1) outside the building (including lead-in pipes, wiring, masts or towers and their supports), and
- (2) permanently installed, and
- (3) located on the described location, and
- (4) used for the service of the covered property.

- w. Land, including land on which the other structures are located.

2. We do cover the following property if, and only if, it is described as separate and specific items in the Declarations and a Limit of Liability is shown in the Declarations for each of such items:

- a. Any structure, whether attached or separate from the covered building, where that structure's roof covering is of screen;
- b. Signs, scoreboards, light poles, fences, gates, fountains, statues, monuments, artificial turf, bleachers, property walls and similar structures separating parcels of land;
- c. Greenhouses, glasshouses, hothouses, open-sided sheds, carports, cabanas, gazebos, swimming pools, jacuzzis, hot tubs/spas, or similar structures, including their decking, but **not**:
 - (1) business personal property or contents contained within or on these structures, or
 - (2) when these structures are comprised of fabric, thatch, lattice, slats or similar material.
- d. Enclosed garages, enclosed tool sheds, enclosed sheds, enclosed pump houses, enclosed boiler sheds, enclosed pool houses, enclosed air conditioning sheds, enclosed guardhouses, enclosed workshops, enclosed maintenance sheds, and the business personal property or contents contained within or on the structures;
- e. Any structure, including the contents and business personal property contained within or on the structure, that is located in whole or in part over water;
- f. Mobile homes, temporary buildings, portable buildings, travel trailers and similar structures or conveyances, (including business personal property contained in or on or pertaining to these structures or conveyances).
- g. However, we do not cover business personal property or contents of any structure or other property regardless of whether it is described as separate and specific item(s) in the Declarations and a Limit of Liability is shown in the Declarations, when:
 - (1) Such structure is comprised of fabric, thatch, lattice, slats or similar material; or
 - (2) Not covered as explained in other sections of this policy.
- h. Self-supported, stand alone canopies.

LIMIT

As respects property covered by this Endorsement, the Company's Limit of Liability shall be limited to the values reported; however, in no event to exceed \$100,000 per Occurrence as respects all property combined.

DEDUCTIBLE

As respects property covered by this Endorsement, the Deductible shall be equal to 10% of the total insurable values of the property covered by this endorsement, subject to a minimum deductible of \$100,000 per Occurrence.

This deductible shall be a separate deductible from any other deductible stated elsewhere in the policy, but only the largest minimum deductible shall apply.

DEFINITIONS

As used in this endorsement these words have the following meaning:

1. "Windstorm" means wind, wind gusts, tornadoes or cyclones which result in direct physical loss or damage to property.
2. "Hurricane" means:
 - a. Coverage for loss or damage caused by the peril of windstorm during a hurricane.
 - b. "Windstorm" for the purposes of subparagraph a. means wind, wind gusts, hail, rain, or tornadoes or cyclones caused by or resulting from a hurricane which results in direct physical loss or damage to property.
 - c. "Hurricane" for the purposes of subparagraphs a. and b. means a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service. The duration of the hurricane includes the time period, in the state of the insured location:
 - (1) Beginning at the time of a hurricane watch or warning is issued by the National Hurricane Center of the National Weather Service;
 - (2) Continuing for the time period during which the hurricane conditions exist; and
 - (3) Ending 72 hours following the termination of the last hurricane watch or hurricane warning issued by the National Hurricane Center of the National Weather Service.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LLOYD'S OF LONDON AMENDATORY

WITH RESPECT TO THE COVERAGE PROVIDED BY **CERTAIN UNDERWRITERS AT LLOYD'S, LONDON**, THE FOLLOWING CLAUSES (SERVICE OF SUIT and APPLICABLE LAW) SHALL APPLY:

Service of Suit Clause (U.S.A.) NMA 1998 4/24/86 (USA date)

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon

1. California Insureds:

Foley & Lardner, LLP
555 California Street, Suite 1700
San Francisco, CA 94104-1520
USA

2. All other Insureds:

Mendes and Mount
750 Seventh Avenue
New York, NY 10019-6829;
USA

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to have a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer 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 Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named person to whom the said officer is authorized to mail such process or a true copy thereof.

APPLICABLE LAW (U.S.A.) LMA5021 9/14/2005 (USA date)

This Insurance shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Service of Suit Clause (USA).

NOTICE TO POLICYHOLDERS

FRAUD NOTICE

Alabama	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.
Arkansas	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Colorado	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
District of Columbia	WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
Florida	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
Kansas	A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
Kentucky	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
Louisiana	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Maine	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
Maryland	Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
New Jersey	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

NOTICE TO POLICYHOLDERS

New Mexico	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.
New York	<p>General: All applications for commercial insurance, other than automobile insurance: 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 information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p>All applications for automobile insurance and all claim forms: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p>Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p>
Ohio	Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
Oklahoma	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	<p>All Commercial Insurance, Except As Provided for Automobile Insurance: 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 information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p> <p>Automobile Insurance: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.</p>

NOTICE TO POLICYHOLDERS

Puerto Rico	Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.
Rhode Island	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Tennessee	<p>All Commercial Insurance, Except As Provided for Workers' Compensation It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.</p> <p>Workers' Compensation: It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.</p>
Utah	Workers' Compensation: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.
Virginia	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
Washington	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
West Virginia	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
All Other States	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison. (In Oregon, the aforementioned actions may constitute a fraudulent insurance act which may be a crime and may subject the person to penalties).

OFAC Notice and Sanction Limitation Clauses

Office of Foreign Assets Control (“OFAC”) Regulations

Advisory notice to policyholders regarding the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) regulations

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 the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

Please read this Notice carefully.

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.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>.

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 restrictions. When an insurance policy is considered to be such a blocked or frozen contract, no payments or premium refunds may be made without authorization from OFAC. Other limitations on premiums and payments also apply.

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U-GU-1041-A (3/11)

Sanction Limitation and Exclusion Clause

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

LMA3100 9/15/2010 (USA date)

Calendar Year Named Storm Deductible

The Named Storm Wind/Hail Deductible, as described elsewhere in this policy, will apply anew in each calendar year. If the policy period does not coincide with the calendar year, then a separate Named Storm Wind/Hail Deductible will apply to loss or damage that occurs during each calendar year in which the policy is in force. For example, if the policy period is from July 1 of calendar year 1 to June 30 of calendar year 2, a separate Named Storm Wind/Hail Deductible applies to loss or damage occurring from July 1 to December 31 of calendar year 1 and to loss or damage occurring from January 1 to June 30 of calendar year 2.

When a Named Storm results in loss or damage that exhausts the Named Storm Wind/Hail Deductible, then that Named Storm Wind/Hail Deductible will not apply to loss or damage from a subsequent Named Storm in the same calendar year. In such case, the Deductible that applies to loss or damage from each subsequent Named Storm in that calendar year shall be the "All Other Wind/Hail" Deductible.

When a Named Storm results in loss or damage that does not exhaust the Named Storm Wind/Hail Deductible, then the Named Storm Wind/Hail Deductible applicable to a subsequent Named Storm in the same calendar year shall be the greater of:

- a) the All Other Wind/Hail Deductible; or
- b) the remaining amount of the Named Storm Wind/Hail Deductible. In this situation, the remaining amount of the Named Storm Wind/Hail Deductible is determined by subtracting the amount(s) of the aforementioned loss or damage from the Named Storm Wind/Hail Deductible.

All other terms and conditions remain unchanged.

ONLINE PROPERTY ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following forms (if attached to this policy):

Building and Personal Property Coverage Form
Condominium Association Coverage Form
Standard Property Policy
Business Income Coverage Forms
Causes of Loss – Special Form

The following is a summary of additional coverages provided by this endorsement. These additional coverages are further defined elsewhere in this endorsement. This endorsement is subject to the provisions of your policy. The limits are Per Occurrence (unless noted otherwise) and are included in the limits of insurance provided by your policy and are not additional limits.

<u>Coverage</u>	<u>Limit of Liability</u>
1.a) Fire Department Service Charge	\$ 5,000
1.b) Pollutant Clean-Up and Removal	\$ 25,000
2.a) Newly Acquired Buildings – 60 days	\$500,000
Newly Acquired Personal Property – 60 days	\$250,000
2.b) Personal Effects	\$ 10,000
Sublimit Per Person	\$ 5,000
Property of Others	\$ 25,000
2.c) Valuable Papers & Records	\$250,000
2.d) Property Off-Premises	\$100,000
2.e) Outdoor Property	\$ 50,000
Except trees, shrubs, lawns or plants	\$ 10,000
Except any one tree, shrub or plant	\$ 250
2.f) Accounts Receivable	\$250,000
2.g) Fire Extinguisher Recharge	\$ 2,500
2.h) Lock Replacement	\$ 2,500
2.i) Reward Reimbursement	\$ 5,000
2.j) Inventory and Appraisals of Loss	\$ 2,500
2.k) Pilings, Piers, Wharves or Docks	\$ 10,000
2.l) Fine Arts	\$ 10,000
3. Signs	\$ 20,000
5.a) Property in Transit	\$100,000
5.c) Off Premises Power Failure	\$ 50,000
5.d) Backup of Sewers and Drains	\$ 25,000

The Provisions under items 1, 2 and 3 below apply to the following Coverage Forms:

Building and Personal Property Coverage Form
Condominium Association Coverage Form
Standard Property Policy

1. Section A, Coverage, Paragraph 4, Additional Coverages is amended as follows:
 - a) Subparagraph c. with respect to Fire Department Service Charge is amended as follows:

The most we will pay under this additional coverage is See Page 1.
 - b) Subparagraph d. with respect to Pollutant Clean Up and Removal is amended as follows:

The most we will pay under this additional coverage is See Page 1 at each described premises.
2. Section A, Coverage, Paragraph 5, Coverage Extensions is amended as follows:
 - a) Subparagraph a. (1) Buildings:

The most we will pay under this additional coverage is See Page 1 at each described premises.

Subparagraph a. (2) Business Personal Property:

The most we will pay under this additional coverage is See Page 1 at each described premises.

Subparagraph a. (3) (b) with respect to Newly Acquired or Constructed Property:

60 days in lieu of 30 days
 - b) Subparagraph b. with respect to Personal Effects and Property of Others is replaced by:
 - 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.

The most we will pay for loss or damage under b. (1) of this extension is See Page 1 per person and See Page 1 at each described premise.
 - (2) Personal Property of Others in your care, custody or control.

The most we will pay under b. (2) of this extension is See Page 1 at each described premises. Our payment for loss or damage to personal property of others under this extension will only be for the account of the owner of the property.
 - c) Subparagraph c. with respect to Valuable Papers and Records is amended as follows:

The most we will pay under this extension is See Page 1 at each described premise.
 - d) Subparagraph d. with respect to Property Off-Premises is amended as follows:

The most we will pay for loss or damage under this extension is See Page 1.

e) Subparagraph e. with respect to Outdoor Property:

e. Outdoor Property

The most we will pay for loss or damage under this extension is See Page 1, except trees, shrubs, lawns and plants which is limited to See Page 1, but no more than See Page 1 for any one tree, shrub or plant.

The following coverages are added to Section A. Coverage, Paragraph 5, Coverage Extensions:

f) Subparagraph h. with respect to Accounts Receivable is added as follows:

h. Accounts Receivable

The most we will pay under this Coverage Extension is See Page 1.

(1) You may extend the insurance that applies to Your Business Personal Property to apply to your records of accounts receivable:

- (a) At a described premises or in or on a vehicle in transit between described premises; or
- (b) If the records must be removed from a described premises to protect them from the threat of a Covered Cause of Loss.

We will pay for a loss while they are:

- (1) At a safe place away from your described premises; or
- (2) Being taken to and returned from that place.

(2) The amounts due from your customers that you are unable to collect:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss;
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable that result from direct physical loss or damage by any Covered Causes of Loss to your records of accounts receivable, including credit or charge card slips.

(3) Accounts receivable loss payment will be determined as follows:

- (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
 - (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
 - (2) Adjust the total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

- (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (1) The amount of the accounts for which there is no loss; and
 - (2) The amount of the accounts that you are able to re-establish or collect; and
 - (3) An amount to allow for probable bad debts that you are normally unable to collect.
- (c) You will pay us the amount of all recoveries you receive for a loss paid by us. However, any recoveries in excess of the amount we have paid belong to you.

(4) Exclusions

- (a) We will not pay for a loss caused by or resulting from any of the following:
 - (1) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.
 - (2) Bookkeeping, accounting or billing errors or omissions.
- (b) We will not pay for loss that requires any audit of records or of inventory computation to prove its factual existence.

g) Subparagraph i. with respect to Fire Extinguisher Recharge is added as follows:

i. Fire Extinguisher Recharge

You may extend the insurance provided by this coverage form to cover expenses you incur to recharge portable fire extinguishers, dry chemical, carbon dioxide or liquid automatic fire extinguishing systems and the cost of resetting automatic fuel shut-off connections, if any of the above are discharged to fight a fire or are discharged due to a mechanical malfunction.

The most we will pay for loss or damage under this extension is See Page 1. No deductible shall apply to this coverage.

h.) Subparagraph j. with respect to Lock Replacement is added as follows:

j. Lock Replacement

You may extend the insurance provided by this coverage form to cover necessary expense to repair or replace exterior or interior door locks of a covered building:

- a) If your door keys are stolen in a covered theft loss; or
- b) When your property is damaged and your door keys are stolen by burglars.

The most we will pay under this extension is See Page 1 for any one occurrence. No deductible shall apply to this coverage.

i.) Subparagraph k. with respect to Reward Reimbursement is added as follows:

k. Reward Reimbursement

You may extend the insurance provided by this coverage form to provide a reward for information that leads to a criminal conviction in connection with loss or damage to covered property by a Covered Cause of Loss.

The most we will pay for loss or damage under this extension is See Page 1 regardless of the number of persons involved providing information.

j.) Subparagraph l. with respect to Inventory and Appraisals is added as follows:

l. Inventory and Appraisals

You may extend the insurance provided by this coverage form to cover your expenses to record information, compile inventories, or obtain appraisals we require to comply with the loss conditions of this coverage form.

The most we will pay for loss or damage under this extension is See Page 1 for any one loss to covered property caused by a Covered Cause of Loss.

k.) Subparagraph m. is added with respects to Pilings, piers, wharves or docks:

m. You may extend the insurance provided by this coverage form to cover pilings, piers, wharves or docks.

The most we will pay under this extension is See Page 1 at each described premise.

l.) Subparagraph n. is added with respects the Fine Arts:

n. This Policy is extended to cover direct physical loss or damage to Fine Arts (as defined below). However, no coverage is provided for:

1. Breakage, marring, scratching, chipping or denting; unless such breakage, marring, scratching, chipping or denting is caused by a "Specified Cause of Loss", as defined in the ISO Causes of Loss – Special Form; or
2. Physical loss or damage as a result of restoring, repairing or retouching processes.

Fine Arts means: paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metal, watercraft, aircraft, money and securities.

If a Fine Arts article is part of a pair or set, and a physically damaged article cannot be replaced, or cannot be repaired or restored to the condition that existed immediately prior to the loss, the Companies will be liable for the lesser of the full value of such pair or set or the Agreed Value, as per the schedule on file with the Program Manager. The Insured will surrender the pair or set to the Companies.

The most we will pay under this extension is See Page 1 at each described premise.

Each of these extensions is additional insurance, but not additional limits. Section F, Additional Conditions, Item 1, Coinsurance, does not apply to these extensions.

3. Section C, Limits of Insurance, Paragraph 2, is amended with respect to Outdoor Signs as follows:

The most we will pay for loss or damage to outdoor signs is See Page 1 per sign in any one occurrence.

4. If you have purchased the Business Income (and Extra Expense) Coverage Form, Section A. Coverage, Paragraph 6.c.(2); or Section A.5.c.(2) of the Business Income (without Extra Expense) Coverage Form; is replaced as follows:

60 days expire after you acquire or begin to construct the property; or

5. If you have purchased the Causes of Loss – Special Form, it is amended as follows:

a) Section F – Additional Coverage Extensions, Item 1.c., Property in Transit is amended as follows:

The most we will pay for loss or damage under this extension is See Page 1 in any one occurrence.

b) Section B – Exclusions, Item 1., Subparagraph e., with respect to Utility Services is deleted.

c) Section F – Additional Coverage Extensions, is amended to add the following:

4. Off-Premises Power Failure. You may extend the insurance provided under this coverage part to pay for loss or damage to covered property that results from the failure of power or other utility service supplied to the described premises. The failure of power or other utility service must: 1) result from a Covered Cause of Loss, and 2) the failure must occur away from the described premises. This coverage extension does not apply to loss of income or extra expenses.

The most we will pay for loss or damage under this extension is See Page 1.

d) Section B – Exclusions, Item 1., Subparagraph g.(3), with respect to Water is deleted.

The most we will pay for loss or damage for water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment under this extension is See Page 1.

6. Other Insurance

If there is other insurance covering the same loss or damage as provided for in this endorsement, we will pay only for the amount covered in excess of the amount due from that other insurance, whether you can collect or not. However, we will not pay more than the applicable limit of insurance.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ELECTRONIC DATA PROCESSING

This endorsement modifies insurance provided by all Underwriters, Carriers and Insurers of this policy under the following forms (if attached to this policy):

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
STANDARD PROPERTY COVERAGE FORM

Throughout this endorsement the word "Company" is synonymous with "we", "us" and "our"; the term "limit of liability" is synonymous with "limit of insurance"; and the word "peril" is synonymous with "cause of loss".

ELECTRONIC DATA PROCESSING

The following Additional Coverage is added and replaces Additional Coverage 4.f. Electronic Data in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10 and CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17 and Additional Coverage 4.e. in the STANDARD PROPERTY POLICY CP 00 99:

1. WHAT IS COVERED AND LIMITS OF LIABILITY

This insurance applies only at the following locations and to those coverages for which a limit of liability is shown. This Company shall not be liable under any one coverage for more than the limit of liability specified for that coverage.

<u>Location:</u>	Per schedule on file with the Company	
<u>Coverage</u>	<u>Limit of Liability</u>	<u>Property and Interest Covered</u>
A	\$25,000	Electronic Data Processing Equipment listed in Paragraph 2.
B	Incl. in A	Electronic Data Processing media including the information recorded therein.
C	Incl. in A	Extra Expense as provided for in Paragraph 6.(c).

2. DESCRIPTION OF ELECTRONIC DATA PROCESSING EQUIPMENT

Coverage Manufacturer and Model No.

Per schedule on file with Program Manager.

3. HOW COVERED

All risks of physical loss or damage except as provided in Paragraph 4.

4. LOSSES NOT COVERED

- (a) loss or damage caused by error in machine programming or instructions to machine;
- (b) loss or damage caused by or resulting from latent defect, wear and tear, gradual deterioration;
- (c) loss or damage caused by or arising out of infidelity by an employee of the Insured. A willful act of malicious intent shall be deemed not to be an act of infidelity;
- (d) loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the perils insured against in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against in this policy;
- (e) loss or damage caused by (1) hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending or expected attack, (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or forces; (2) any weapon of war employing atomic fission, atomic fusion, radioactive force or material whether in time of peace or war; (3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
- (f) loss or damage occasioned by enforcement of any ordinance or law regulating the construction, repair, or demolition of any building or structure, nor by the suspension, lapse or cancellation of any lease, contract or order, nor for any inference at the location insured by strikers or other persons with rebuilding, repairing or replacing property or with the resumption or continuation of business.
- (g) loss, damage, destruction, distortion, erasure, corruption or alteration of Electronic Data processing media including the information recorded therein, or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any cause or event contributing concurrently or in any sequence to any loss caused by or resulting from "computer virus".
"Computer virus" means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. "Computer virus" includes but is not limited to Trojan Horses, Worms and Time or Logic Bombs.

5. EXTENSIONS OF COVERAGE

- (a) NEWLY ACQUIRED PROPERTY at the location insured on newly acquired property of the kind insured under Coverage A subject to all considerations of this policy. Insurance under this extension shall cease 90 days from the date of acquisition, or on the placement of more specific insurance, whichever first occurs.
- (b) TRANSIT applicable to property insured hereunder while in transit or temporarily located elsewhere within the United States of America and Canada.

(c) REMOVAL Such insurance as is afforded under Coverage A and B of this policy shall also apply while the property insured is being removed to or from and while at a place of safety because of imminent danger of loss or damage.

(d) DEBRIS REMOVAL This policy is extended to cover expenses incurred in the removal of all debris of the damaged property insured hereunder which may be occasioned by loss caused by any of the perils insured against in this policy. In no event shall the additional coverage granted by this paragraph increase the limit of liability specified in Paragraph I.

6. HOW LOSS IS SETTLED

(a) COVERAGE A - Electronic Data Processing Equipment - The measure of recovery shall be full cost of repair or replacement; if not replaced, the actual cash value on date of loss.

(b) COVERAGE B - Electronic Data Processing Media and Information therein - The measure of recovery shall be the full cost of replacement or reproduction; if not replaced or reproduced, blank value of media.

(c) COVERAGE C - Extra Expense - The measure of recovery shall be the Extra Expense necessarily incurred to actually perform the operations normally performed by the Electronic Data Processing System:

(1) following damage to or destruction of property or information insured under Coverage A or B, or

(2) following suspension or reduction of the Insured's ability to use property or information insured under Coverage A and B due to damage to or destruction of the building(s) housing such property, the air conditioning system for each

(3) for not exceeding a period of two weeks, when due to damage or destruction to the premises housing property insured access thereto is prohibited by order of civil authority all as a direct result of a peril insured against under this policy.

Subject to the limit specified in Paragraph 1, insurance hereunder with respect to any one loss shall not be limited by the date of expiration of this policy and shall apply for such length of time as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace property as has been destroyed or damaged.

Should insurance under this policy apply only to coverage C, any reference in this Paragraph 6 (c) to Coverages A and B shall be construed as if coverage were actually provided under A and B.

(D) DEDUCTIBLE CLAUSE - Coverages A and B - Each loss separately occurring under Coverage A and B shall be adjusted separately and from the amount of each adjusted loss the sum of \$___**___ shall be deducted. If such loss involves Coverages A and B, only one deductible shall apply.

(E) DEDUCTIBLE CLAUSE - Coverage C - The sum of \$___**___ shall be deducted from the amount of each loss occurring separately.

**see applicable deductible form(s)

All other terms and conditions remain unchanged.

ACCOUNT NUMBER: 665578

WITH RESPECT TO THE COVERAGE PROVIDED BY ALL UNDERWRITERS, CARRIERS AND INSURERS OF THIS POLICY, THE FOLLOWING CLAUSE SHALL APPLY:

UNINTENTIONAL ERRORS AND OMISSIONS

Throughout this endorsement the word "Company" is synonymous with "we", "us" and "our".

The property insured under this policy is based on property as per schedule on file with the Company submitted by the Insured prior to the inception of this policy.

However, if any property and/or location is omitted because of negligence, error, or oversight of the Insured, and not a deliberate choice of the Insured, this Company will accept that property and/or location as being insured under this policy provided the item of property and/or location is the same in form and substance as other Real and Personal Property usual and/or incidental to the operations of the Insured.

Furthermore, if any property and/or location is undervalued in the said schedule of values because of negligence, error or oversight of the Insured, and not a deliberate choice of the Insured, such undervaluation will not prejudice the Insured's right of recovery under this policy.

The Insured agrees to report to this Company any omission or undervaluation of property as soon as practicable after it is discovered. All omitted or undervalued property will be included in Total Values at anniversary or renewal.

The sublimit for UNINTENTIONAL ERRORS & OMISSIONS is included within the Limit of Insurance shown in the Declarations as applicable to the covered Building Property. This sublimit does not increase the Limit of Insurance.

Sublimit: \$25,000

**COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN SCHEDULE AND COVERAGE**

Equipment Breakdown is subject to the Limits of Insurance shown in the Declarations except as specifically shown below.

These coverages apply to all locations covered on the policy, unless otherwise specified.

EQUIPMENT BREAKDOWN COVERAGE SCHEDULE

Coverages	Limits

Equipment Breakdown Limit	Per Statement of Values on file with the Program Manager; \$ however, not to exceed \$ N/A Per Occurrence
Business Income	\$ Per Statement of values on file with the Program Manager
Business Income From Dependent Properties	\$ Per Statement of Values on file with the Program Manager; however, not to exceed \$100,000 Per Occurrence
Extra Expense	\$ Per Policy Sublimit
Data Restoration	\$ 100,000
Expediting Expenses	\$ 100,000
Green Upgrades	\$ 25,000
Hazardous Substances	\$ 100,000
Off Premises Equipment Breakdown	\$ 100,000
Service Interruption	\$ Included
Spoilage	\$ 100,000 @ <u>NIL</u> % Coinsurance

Deductibles

Combined, All Coverages	\$ Per Property Deductibles
Direct Coverages	\$ N/A
Indirect Coverages	\$ N/A <i>or</i> <u> N/A </u> <i>hrs.</i> <i>or</i> <u> N/A </u> <i>times ADV</i>
Spoilage	\$ N/A <i>or</i> <u> N/A </u> % of loss, \$ <u> N/A </u> minimum

Other Conditions

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EQUIPMENT BREAKDOWN COVERAGE
(Including Electronic Circuitry Impairment)

This endorsement modifies insurance provided under the following:

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

- A. The following is added as an Additional Coverage to the Causes of Loss— Basic Form, Broad Form or Special Form.

Additional Coverage-- Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below. Without an “accident” or “electronic circuitry impairment”, there is no Equipment Breakdown Coverage.

1. We will pay for direct physical damage to Covered Property that is the direct result of an “accident” or “electronic circuitry impairment”. We will consider “electronic circuitry impairment” to be physical damage to “covered equipment”.
2. Unless otherwise shown in a “schedule”, the following coverages also apply to the direct result of an “accident” or “electronic circuitry impairment”. However, with respect to coverages 2.b. Business Income From Dependent Properties and 2.i. Service Interruption, coverage will apply only to the direct result of an “accident” and will not apply to the direct result of an “electronic circuitry impairment”. These coverages do not provide additional amounts of insurance.
 - a. Business Income and Extra Expense
 - (1) Any insurance provided under the coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in a “schedule”, then with respect to this endorsement only, the “period of restoration” will begin immediately after the “accident” or “electronic circuitry impairment”, and the deductible shown in the “schedule” will apply.
 - (2) The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in a “schedule”.
 - b. Business Income From Dependent Properties
 - (1) Any insurance provided under the coverage part for Business Income From Dependent Properties is extended to the coverage provided by this endorsement for loss due to direct physical loss or damage to “dependent property” caused by or resulting from an “accident”.
 - (2) The most we will pay for loss or expense under this coverage is \$100,000 unless otherwise shown in the “schedule”.
 - c. Data Restoration
 - (1) We will pay for your reasonable and necessary cost to research, replace and restore lost “data”.

- (2) The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a “schedule”.
- d. Expediting Expenses
 - (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
 - (a) Make temporary repairs; and
 - (b) Expedite permanent repairs or permanent replacement.
 - (2) The most we will pay for loss or expense under this coverage is \$100,000 unless otherwise shown in a “schedule”.
- e. Green Upgrades
 - (1) Any insurance provided under the coverage part for Green Upgrades is extended to the coverage provided by this endorsement.
 - (2) The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in a “schedule”.
- f. Hazardous Substances
 - (1) We will pay your additional cost to repair or replace Covered Property because of contamination by a “hazardous substance”. This includes the additional expenses to clean up or dispose of such property.
 - (2) This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in 2.j.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.
 - (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a “schedule”.
- g. Off Premises Equipment Breakdown
 - (1) We will pay for physical damage to transportable “covered equipment” that, at the time of the “accident” or “electronic circuitry impairment”, is not at a covered location. As respects this Off Premises Equipment Breakdown coverage only, the “accident” or “electronic circuitry impairment” may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
 - (2) We will also pay for your reasonable and necessary cost to research, replace and restore lost “data” contained within “covered equipment” as described under (1) above. This amount may not exceed the limit applicable to Data Restoration coverage.
 - (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, and Data Restoration as described in (2) above is \$100,000 unless otherwise shown in a “schedule”.

- h. Public Relations
 - (1) This coverage only applies if you have sustained an actual loss of Business Income covered under this endorsement.
 - (2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
 - (a) The media;
 - (b) The public; or
 - (c) Your customers, clients or members.
 - (3) Such costs must be incurred during the “period of restoration” or up to 30 days after the “period of restoration” has ended.
 - (4) The most we will pay for loss or expense under this coverage is \$5,000.
- i. Service Interruption
 - (1) Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an “accident” to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord’s utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, “cloud computing services”, wide area networks or data transmission. The equipment must meet the definition of “covered equipment” except that it is not Covered Property.
 - (2) “Cloud computing services” must be provided by a professional provider with whom you have a contract.
 - (3) With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to “data” stored in the equipment of a provider of “cloud computing services”.
 - (4) Unless otherwise shown in a “schedule”, any insurance provided for Business Income or Data Restoration will not apply under this Service Interruption coverage unless the failure or disruption of service exceeds 24 hours immediately following the “accident”. If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.
 - (5) The most we will pay in any “one equipment breakdown” for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense, Data Restoration or Spoilage, except that if a limit is shown in a “schedule” for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.
- j. Spoilage
 - (1) We will pay for:
 - (a) Physical damage to “perishable goods” due to spoilage;
 - (b) Physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia;

- (c) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (2) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident” or “electronic circuitry impairment”, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.
- (3) The most we will pay for loss, damage or expense under this coverage is \$100,000 unless otherwise shown in a “schedule”.

3. EXCLUSIONS

All exclusions in the applicable Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this endorsement.

- a. The following exclusions are modified:
 - (1) If the Causes of Loss -- Basic Form or Causes of Loss -- Broad Form applies, the following is added to Exclusion B.2.:
Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. However, if an “accident” or “electronic circuitry impairment” results, we will pay for the resulting loss, damage or expense caused by that “accident” or “electronic circuitry impairment”.
 - (2) If the Causes of Loss -- Special Form applies, with respect to this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:
But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an “accident” or “electronic circuitry impairment”, we will pay for the loss, damage or expense caused by that “accident” or “electronic circuitry impairment”.
- b. The following exclusions are added:
 - (1) We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an “accident” or “electronic circuitry impairment”:
 - (a) Fire, including smoke from a fire;
 - (b) Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere;
 - (c) Any other explosion, except as specifically covered under this endorsement;
 - (d) Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, tsunami or volcanic action;
 - (e) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer, drain or sump; or
 - (f) Vandalism.
 - (2) Coverage under this endorsement does not apply to an “accident” or “electronic circuitry impairment” caused by or resulting from:

- (a) Lightning;
- (b) Windstorm or hail. However this exclusion does not apply when:
 - i. “Covered equipment” located within a building or structure suffers an “accident” or “electronic circuitry impairment” that results from wind-blown rain, snow, sand or dust; and
 - ii. The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
- (c) Smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;
- (d) Breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse or molten material;
- (e) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment; or
- (f) Water or other means used to extinguish a fire.
- (3) With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
- (4) We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an “accident” or “electronic circuitry impairment”: Any “fungus”, wet rot, dry rot or bacteria, including any presence, growth, proliferation, spread or any activity of “fungus”, wet rot, dry rot or bacteria. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such “fungus”, wet rot, dry rot or bacteria. However, this exclusion does not apply to spoilage of personal property that is “perishable goods”, to the extent that such spoilage is covered under Spoilage coverage.
- (5) We will not pay for any loss or damage to animals.
- c. Exclusions b.(2)(a), b.(2)(b), b.(2)(c) and b.(2)(d) above shall not apply if:
 - (1) The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;
 - (2) Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an “accident” or “electronic circuitry impairment”; and
 - (3) The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.
- d. Any cause of loss set forth in exclusion b.(2)(d) above that is not a Covered Cause of Loss in this coverage part shall be excluded only as respects Service Interruption coverage.

4. DEFINITIONS

The following definitions are added with respect to this endorsement only:

- a. “Accident”

- (1) “Accident” means a fortuitous event that causes direct physical damage to “covered equipment”. The event must be one of the following:
 - (a) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - (b) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - (c) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - (d) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - (e) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
- (2) None of the following is an “accident”:
 - (a) Defect, programming error, programming limitation, computer virus, malicious code, loss of “data”, loss of access, loss of use, loss of functionality or other condition within or involving “data” or “media” of any kind; or
 - (b) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an “accident” results, we will pay for the resulting loss, damage or expense caused by that “accident”.

- b. “Boilers and vessels” means:
 - (1) Any boiler, including attached steam, condensate and feedwater piping; and
 - (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a “schedule”.
- c. “Cloud computing services” means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. “Cloud computing services” include private clouds if such services are owned and operated by a third party.
- d. “Covered equipment”
 - (1) “Covered equipment” means, unless otherwise specified in a “schedule”, Covered Property:
 - (a) That generates, transmits or utilizes energy; or
 - (b) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

“Covered equipment” may utilize conventional design and technology or new or newly commercialized design and technology.

- (2) None of the following is “covered equipment”:
 - (a) Structure, foundation, cabinet or compartment;
 - (b) Insulating or refractory material;
 - (c) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
 - (d) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (e) “Vehicle” or any equipment mounted on a “vehicle”;
 - (f) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (g) Dragline, excavation or construction equipment; or
 - (h) Equipment manufactured by you for sale.
- e. “Data” means information or instructions stored in digital code capable of being processed by machinery.
- f. “Electronic circuitry” means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.
- g. “Electronic circuitry impairment”
 - (1) “Electronic circuitry impairment” means a fortuitous event involving “electronic circuitry” within “covered equipment” that causes the “covered equipment” to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in (2), (3) and (4) below.
 - (2) We shall determine that the reasonable and appropriate remedy to restore such “covered equipment’s” ability to function is the replacement of one or more “electronic circuitry” components of the “covered equipment”.
 - (3) The “covered equipment” must be owned or leased by you, or operated under your control.
 - (4) None of the following is an “electronic circuitry impairment”:
 - (a) Any condition that can be reasonably remedied by:
 - i. Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - ii. Rebooting, reloading or updating software or firmware; or
 - iii. Providing necessary power or supply.
 - (b) Any condition caused by or related to:
 - i. Incompatibility of the “covered equipment” with any software or equipment installed, introduced or networked within the prior 30 days; or
 - ii. Insufficient size, capability or capacity of the “covered equipment”.
 - (c) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
- h. “Hazardous substance” means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

- i. “Media” means material on which “data” is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
- j. “One equipment breakdown” means: If an initial “accident” or “electronic circuitry impairment” causes other “accidents” or “electronic circuitry impairments”, all will be considered “one equipment breakdown”. All “accidents” or “electronic circuitry impairments” that are the result of the same “accident” or “electronic circuitry impairment” will be considered “one equipment breakdown”.
- k. “Perishable goods” means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- l. “Production machinery” means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, “production machinery” does not mean any boiler, or fired or unfired pressure vessel. This term does not appear elsewhere in this endorsement, but may appear in a “schedule”.
- m. “Schedule” means the Equipment Breakdown Coverage Schedule.
- n. “Vehicle” means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. “Vehicle” includes, but is not limited to: car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a “vehicle”.

B. The Building and Personal Property Coverage Form and Condominium Association Coverage Form are modified as follows. The definitions stated above also apply to section B. of this endorsement.

1. DEDUCTIBLE

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in a “schedule”. If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision D. DEDUCTIBLE is deleted and replaced with the following:

- a. Deductibles for Each Coverage
 - (1) Unless the “schedule” indicates that your deductible is combined for all coverages, multiple deductibles may apply to any “one equipment breakdown”.
 - (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the “schedule”. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
 - (3) If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one equipment breakdown”, only the highest deductible for each coverage will apply.
- b. Direct and Indirect Coverages
 - (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the “schedule”.

- (2) Unless more specifically indicated in the “schedule”:
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.
- c. Application of Deductibles
 - (1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any “one equipment breakdown” until the amount of loss, damage or expense exceeds the applicable deductible shown in the “schedule”. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, up to the applicable Limit of Insurance.
 - (2) Time Deductible

If a time deductible is shown in the “schedule”, we will not be liable for any loss occurring during the specified number of hours or days immediately following the “accident” or “electronic circuitry impairment”. If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.
 - (3) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:
The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no “accident” or “electronic circuitry impairment” occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the “accident” or “electronic circuitry impairment” or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the “period of restoration”. The number indicated in the “schedule” will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.
 - (4) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

2. CONDITIONS

- a. The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form, the Condominium Association Coverage Form, the Commercial Property Conditions and the Common Policy Conditions.

(1) Suspension
Whenever “covered equipment” is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an “accident” or “electronic circuitry impairment” to that “covered equipment”. This can be done by mailing or delivering a written notice of suspension to:

- (a) Your last known address; or
- (b) The address where the “covered equipment” is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that “covered equipment”. If we suspend your insurance, you will get a pro rata refund of premium for that “covered equipment” for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

(2) Jurisdictional Inspections
If any property that is “covered equipment” under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

(3) Coinsurance
If a coinsurance percentage is shown in a “schedule” for specified coverages, the following condition applies.
We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

b. As respects this endorsement only, the Valuation Condition in the Building and Personal Property Coverage Form and Condominium Association Coverage Form is deleted and replaced with the following:

Valuation

We will determine the value of Covered Property as follows:

- (1) Except as specified otherwise, our payment for damaged Covered Property will be the smallest of:
 - (a) The cost to repair the damaged property;
 - (b) The cost to replace the damaged property on the same site; or
 - (c) The amount you actually spend that is necessary to repair or replace the damaged property.
- (2) The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.
- (3) Except as described in (4) below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- (4) Environmental, Safety and Efficiency Improvements

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

- (5) The following property will be valued on an Actual Cash Value basis:
- (a) Any property that does not currently serve a useful or necessary function for you;
 - (b) Any Covered Property that you do not repair or replace within 24 months after the date of the “accident” or “electronic circuitry impairment”; and
 - (c) Any Covered Property for which Actual Cash Value coverage is specified in a “schedule”,
- Actual Cash Value includes deductions for depreciation.
- (6) If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
- (a) The property was manufactured by you;
 - (b) The sales price of the property is less than the replacement cost of the property; or
 - (c) You are unable to replace the property before its anticipated sale.
- (7) Except as specifically provided for under Data Restoration coverage, “data” and “media” will be valued on the following basis:
- (a) For mass-produced and commercially available software, at the replacement cost.
 - (b) For all other “data” and “media”, at the cost of blank “media” for reproducing the records. We will not pay for “data” representing financial records based on the face value of such records.

The most we will pay for loss, damage or expense under this endorsement arising from any “one equipment breakdown” is the applicable Limit of Insurance in the Declarations unless otherwise shown in a “schedule”. Coverage provided under this endorsement does not provide an additional amount of insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
JOINT OR DISPUTED LOSS AGREEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** This endorsement is intended to facilitate payment of insurance proceeds when:
1. Both a boiler and machinery policy and this commercial property policy are in effect;
 2. Damage occurs to Covered Property that is insured by the boiler and machinery policy and this commercial property policy; and
 3. There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.
- B.** This endorsement does not apply if:
1. Both the boiler and machinery insurer(s) and we do not admit to any liability; and
 2. Neither the boiler and machinery insurer(s) nor we contend that coverage applies under the other insurer's policy.
- C.** The provisions of this endorsement apply only if all of the following requirements are met:
1. The boiler and machinery policy carried by the named insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this endorsement;
 2. The damage to the Covered Property was caused by a loss for which:
 - a. Both the boiler and machinery insurer(s) and we admit to some liability for payment under the respective policies; or
 - b. Either:
 - (1) The boiler and machinery insurer(s) does not admit to any liability for payment, while we contend that:
 - (a) All liability exists under the boiler and machinery policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this commercial property policy;
 - (2) We do not admit to any liability for payment, while the boiler and machinery insurer(s) contends that:
 - (a) All liability exists under this commercial property policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this commercial property policy; or
 3. The total amount of the loss is agreed to by you, the boiler and machinery insurer(s) and us.
- D.** If the requirements listed in Paragraph C. above are satisfied, we and the boiler and machinery insurer(s) will make payments to the extent, and in the manner, described as follows:
1. We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this commercial property policy and one-half (1/2) the amount of the loss that is in disagreement.
 2. The boiler and machinery insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the boiler and machinery policy and one-half (1/2) the amount of loss that is in disagreement.
 3. Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs 1. and 2., do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
 4. The amount in disagreement to be paid by us under this endorsement shall not exceed the amount payable under the equivalent Loss Agreement(s) of the boiler and machinery policy.
 5. The amount to be paid under this endorsement shall not exceed the amount we would have paid had no boiler and machinery policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
 6. Acceptance by you of sums paid under this endorsement does not alter, waive or surrender any other rights against us.

E. Arbitration

1. If the circumstances described in Paragraph **C.2.a.** exist and the boiler and machinery insurer(s) and we agree to submit our differences to arbitration, the boiler and machinery insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this endorsement.
2. If any of the circumstances described in Paragraph **C.2.b.** exist, then the boiler and machinery insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this endorsement.
3. You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the boiler and machinery insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having

jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

F. Final Settlement Between Insurers

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay Liquidated Damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated Damages are defined as interest from the date the insured invokes this Agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages. Arbitration expenses are not a part of the excess contribution for which liquidated damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

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, dish-washing 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 consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (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 or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

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, back-filling 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 (other than lawns which are part of a vegetated roof);
- 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, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- 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; or
- 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 trees, shrubs or plants which are "stock" or are part of a vegetated roof), 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 (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris 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 of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered

Property under this Coverage Form;

- (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) 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. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 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)** applies, 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 \$25,000.

(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:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,00

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 (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

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

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

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

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

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

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 the minimum standards 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 or compliance with 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 or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(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 repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we

will pay 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 or compliance with 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. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

(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 (unless a higher limit is shown in the Declarations) 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; or

- (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.

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 provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

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

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

b. Personal Effects And Property Of Others

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

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

care, custody or control.

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

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

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

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

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

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

d. Property Off-premises

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

(a) Temporarily at a location you

do not own, lease or operate;

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

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

(2) This Extension does not apply to property:

(a) In or on a vehicle; or

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

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

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the 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.

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

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.
- g. **Business Personal Property Temporarily In Portable Storage Units**
- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.
 - (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.

(3) Coverage under this Extension:

- (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

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
–	250
\$	59,850 Loss Payable – Building 1

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

Total amount of loss payable:
\$59,850 + \$80,000 = \$139,850

Example 2

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

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

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

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

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

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

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

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

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

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

4. Loss Payment

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

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

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

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with 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 sublessee and used by the lessee or sublessee 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 or compliance with 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): $\$40,000 \times .50 = \$20,000$

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

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

Example 2 (Adequate Insurance)

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

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

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

Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	\$ 75,000
	<u>\$ 250,000</u>

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: \$ 180,000

The Deductible is: \$ 1,000

Building at Location 2: \$ 30,000

Personal Property at Location 2: \$ 20,000

\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

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

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

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

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

2. Mortgageholders

- The term mortgageholder includes trustee.
- 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.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- 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:
 - Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - Submits a signed, sworn proof of loss within 60 days after receiving

notice from us of your failure to do so; and

- 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.

- 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:
 - The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - 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.

- If we cancel this policy, we will give written notice to the mortgageholder at least:
 - 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - 30 days before the effective date of cancellation if we cancel for any other reason.
- 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

- 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 applies 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:
 $\$100,000 \times .08 \times \frac{146}{365} = \$ 3,200$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.

- b. This Optional Coverage does not apply to:

- (1) Personal property of others;
- (2) Contents of a residence;
- (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

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

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is 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 or compliance with 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 (WITHOUT 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 such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and

- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Covered Causes Of Loss, Exclusions And Limitations

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

3. 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. 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.
- c. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses To Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form (after application of any Coinsurance penalty) if the Expenses To Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

The Coinsurance condition does not apply specifically to such Expenses To Reduce Loss, but it is used as described above to determine the total amount payable.

b. 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 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 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.

c. Alterations And New Buildings

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

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

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

d. Extended Business Income

(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)** 60 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)** 60 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.

e. 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 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. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations does not apply based on Paragraph **A.3.c.** therein.
- (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 (unless a higher limit is shown in the Declarations) for all loss sustained 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 sustained 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 in a subsequent policy year(s), all loss is deemed to be sustained in the policy year in which the interruption began.
- (5)** This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained after the end of the "period of restoration", even if the amount of insurance stated in **(4)** above has not been exhausted.

5. Coverage Extension

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

NEWLY ACQUIRED LOCATIONS

- a.** You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b.** The most we will pay for loss under this Extension is \$100,000 at each location, unless a higher limit is shown in the Declarations.

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 Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extended Business Income; or
4. Expenses To Reduce Loss.

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. Resumption Of Operations

We will reduce the amount of your Business Income loss 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.

- c. 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 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 payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 150,000
 The amount of loss is: \$ 80,000

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

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

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

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

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 200,000
 The amount of loss is: \$ 80,000

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

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 loss of Business Income is the lesser of:
 - (1) The amount of loss sustained during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

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

Example

When: The Limit of Insurance is: \$ 120,000
The fraction shown in the Declarations for this Optional Coverage is: 1/4
The most we will pay for loss in each period of 30 consecutive days is \$ 30,000
(\$120,000 x 1/4 =\$30,000)
If, in this example, the actual amount of loss is:

Days 1–30:	\$ 40,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	<hr/>
	\$ 90,000

We will pay:

Days 1–30:	\$ 30,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	<hr/>
	\$ 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
Step **(1)**: \$100,000 / \$200,000 = .50
Step **(2)**: .50 x \$80,000 = \$40,000

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

4. Extended Period Of Indemnity

Under Paragraph **A.4.d.**, Extended Business Income, the number 60 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 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

- b. Ends on the 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 or compliance with 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 is 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.

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 D. Definitions.

A. Coverage

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense 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 such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- a. The portion of the building which you rent, lease or occupy;
- b. The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- c. Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

- a. 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.

- b. 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.

2. Covered Causes Of Loss, Exclusions And Limitations

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

3. Additional Limitation – Interruption Of Computer Operations

- a. 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.
- b. 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.
- c. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or

controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

4. Additional Coverages

a. Alterations And New Buildings

We will pay for the actual 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.

b. 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 and necessary Extra Expense you incur 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 will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end four consecutive weeks after the date of that action.

c. 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 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. However, we will not provide coverage under this Additional Coverage when the Additional Limitation, Interruption Of Computer Operations does not apply based on Paragraph A.3.c. therein.

(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 (unless a higher limit is shown in the Declarations) for all loss sustained 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 sustained 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 in a subsequent policy year(s), all loss is deemed to be sustained in the policy year in which the interruption began.

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

5. Coverage Extension

You may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

- a. You may extend your Extra Expense Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- 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 the property; or
 - (3) You notify us of how you want this coverage to apply to that location.

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

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 Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings; or
2. Civil Authority.

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

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

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

2. Duties If You Incur Extra Expense

- a. You must see that the following are done if you incur Extra Expense:

(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. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

- a. 30 days or less, the first percentage applies.
- b. 60 days or less, but more than 30 days, the second percentage applies.
- c. More than 60 days, the third percentage applies.

Example

The Limit of Insurance is: \$ 100,000

The percentages shown in the Declarations are: 40% – 80% – 100%

The "period of restoration" is: 45 days

The amount of Extra Expenses incurred is: \$ 90,000

We will not pay more than \$100,000 times 80% (the percentage applicable for a "period of restoration" of 31–60 days), or \$80,000. The remaining \$10,000 is not covered.

4. Loss Determination

- a. 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 Extra Expense otherwise incurred.

- b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. Loss Payment

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

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

D. Definitions

- 1. "Operations" means your business activities occurring at the described premises.
- 2. "Period of restoration" means the period of time that:
 - a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the 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 or compliance with 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".

- 3. "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.
- 4. "Suspension" means the slowdown or cessation of your business activities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MULTIPLE DEDUCTIBLE FORM

(FIXED DOLLAR DEDUCTIBLES)

This endorsement modifies insurance provided under the following:

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

SCHEDULE*

The Deductibles applicable to any one occurrence are shown below:

Prem. No.	Bldg. No.	Deductible	Covered Causes of Loss**
ALL	ALL	\$1,000	(2)
ALL	ALL	\$5,000	(5) Except Named Windstorm or Named Storm. See AR 03 21L for Named Windstorm or Named Storm deductible.

**For each deductible listed in this Schedule, enter the number corresponding to the Covered Cause(s) of Loss to which that deductible applies (or enter the description):

- (1) All Covered Causes of Loss
- (2) All Covered Causes of Loss **except** Windstorm or Hail
- (3) All Covered Causes of Loss **except** Theft
- (4) All Covered Causes of Loss **except** Windstorm or Hail and Theft
- (5) Windstorm or Hail
- (6) Theft

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

The following is added to the **Deductible** section:

- A.** In the event that loss or damage occurs to Covered Property at more than one building location as a result of one occurrence, the largest applicable deductible for that Covered Cause of Loss, shown in the Schedule above or in the Declarations, will apply.
- B.** The terms of this endorsement do not apply to any Windstorm or Hail Percentage Deductible provided elsewhere in this policy.
- C.** This policy does not cover Earthquake or Flood unless such causes of loss are added to the policy as covered causes of loss. If Earthquake and/or Flood are added to this policy as covered causes of loss, the terms of this endorsement do not apply to Earthquake or Flood and corresponding deductibles will be shown elsewhere in this policy and identified as such.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY
VALUES PER LOCATION WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS RISK COVERAGE FORM
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
 BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 DIC-1
 STANDARD PROPERTY POLICY

SCHEDULE*

Premises No.	Bldg. No.	Windstorm or Hail Deductible Percentage (enter percentage)
ALL	ALL	3.0 % Named Windstorm or Named Storm Only, subject to a \$5,000 per occurrence minimum. See AROL PE for Named Windstorm or Named Storm definition.

The Windstorm or Hail Deductible, as shown in the Schedule, applies to loss or damage to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than Windstorm or Hail occurs, and that loss or damage would not have occurred but for the Windstorm or Hail, such loss or damage shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail.

The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit (s) of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CLAUSE

A. All Policies

1. A Deductible is calculated separately for, and applies separately to:

- a. the Total Insurable Values (TIV) per each location. The TIV per location shall be calculated as the sum of all reported values for Real Property, Personal Property, Business Income, and any other values for which coverage is provided under this policy related to each scheduled location.

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

If coverage is provided for Business Income, the deductible shown above is in addition to the 72 hour waiting period as stated in Form CP 00 30 "Business Income (And Extra Expense) Coverage Form" or Form CP 00 32 "Business Income (Without Extra Expense) Coverage Form" as regards loss due to the perils of Windstorm or Hail Only.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition, Agreed Value Optional Coverage, Additional Condition - Need For Adequate Insurance or Additional Condition - Need For Full Reports.
 3. When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Schedule for any described premises.
- B. Calculation of the Deductible – Specific Insurance Other than Builders Risk**
1. Property Not Subject to Value Reporting Forms
In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule of the Limit(s) of Insurance applicable to the property at the location that has sustained loss or damage.
 2. Property Subject to Value Reporting Forms
In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.
However:
 - a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
 - b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.
- C. Calculation of the Deductible – Blanket Insurance Other than Builders Risk**
1. Property Not Subject to Value Reporting Forms
In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule, applied to the total insurable value(s) of the property that has sustained loss or damage. The value(s) to be used are the total insurable values at the time and place of the loss.
 2. Property Subject to Value Reporting Forms
In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule of the value(s) of that property as of the time of loss or damage.
- D. Calculation of the Deductible – Builders Risk Insurance**
1. Builders Risk Other than Reporting Form
In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule of the actual cash value(s) of that property as of the time of loss or damage.
 2. Builders Risk Reporting Form
In determining the amount, if any, that we will pay for loss of damage, we will deduct an amount equal to the percentage as shown in the Schedule of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.
However:
 - a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
 - b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

EXAMPLES – APPLICATION OF DEDUCTIBLE:

Example # 1 – Specific Insurance (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$80,000 (80% of \$100,000).

The **actual** Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%

Step (1): \$ 70,000 ÷ \$ 80,000 = .875

Step (2): \$ 60,000 X .875 = \$ 52,500

Step (3): \$ 100,000 X 1% = \$ 1,000

Step (4): \$ 52,500 - \$ 1,000 = \$ 51,500

The most we will pay is \$51,500. The remainder of the loss, \$8,500, is not covered due to the Coinsurance penalty for inadequate insurance (steps **(1)** and **(2)**) and the application of the Deductible (steps **(3)** and **(4)**).

The value of the damaged building at time of loss is \$100,000. The value of the business personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the business personal property. The amount of loss to the Business Personal Property is \$40,000.

The **actual** Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the business personal property (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%

Building and Personal Property

Step (1): \$ 144,000 X 2% = \$ 2,880

Step (2): \$ 100,000 - \$ 2,880 = \$ 97,120

The most we will pay is \$97,120. That portion of the total loss not covered due to application of the Deductible is \$2,880.

Example # 2 – Blanket Insurance (C.1.)

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000. Buildings #1 and #2 are at location #1, while Building #3 is at location #2.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%

Location #1

Step (1): \$ 1,000,000 X 2% = \$ 20,000

Step (2): \$ 60,000 - \$ 20,000 = \$ 40,000

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

As respects the coverage provided by this endorsement:

1. Coverage is limited to BUILDINGS listed on the Property Schedule. No coverage applies for any scheduled items which are not BUILDINGS.
2. The Insurer(s) shall not be liable for Ordinance or Law Coverage, as provided below, unless the loss to the insured building equals or exceeds 50% of the Building's total Replacement Cost.

This endorsement modifies insurance provided under the following:

BUILDERS' RISK COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
DIC-1
STANDARD PROPERTY POLICY

SCHEDULE*

Bldg. No. / Prem. No.	Cov. A Limit of Insurance	Cov. B Limit of Insurance	Cov. C Limit of Insurance	Cov. A,B,&C Blanket Limit of Insurance
ALL / ALL	\$ Included in Building Limit.	\$ 20% per Building.	\$ Included in Limit B.	\$ **

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

** Do not enter a Blanket Limit of Insurance if individual Limits of Insurance are selected for Coverages A, B and C, or if one of these Coverages is not applicable.

- A. Each Coverage – Coverage A, Coverage B and Coverage C – applies only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the Building property identified for that Coverage(s) in the Schedule.
- B. We will not pay under this endorsement for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

C. Coverage

1. Coverage A – Coverage for Loss to the Undamaged Portion of the Building

If a Covered Cause of Loss occurs to covered Building property, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- c. Is in force at the time of loss.

2. Coverage B – Demolition Cost Coverage

If a Covered Cause of Loss occurs to covered Building property, we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.

The COINSURANCE Additional Condition does not apply to Demolition Cost Coverage.

3. Coverage C – Increased Cost of Construction

a. If a Covered Cause of Loss occurs to the covered Building property, we will pay for the increased cost to:

- (1) Repair or reconstruct damaged portions of that Building property; and/or
- (2) Reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The COINSURANCE Additional Condition does not apply to Increased Cost of Construction Coverage.

b. When covered Building property is damaged or destroyed by a Covered Cause of Loss and Coverage C applies to that property in accordance with **3.a.** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **3.a.**:

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

The items listed in **b.(1)** through **b.(4)** above are deleted from Property Not Covered, but only with respect to the coverage described in this provision, **3.b.**

The sublimits shown in the schedule for Coverages A, B and C, whether separate or blanket limits, are included within the Limits of Insurance shown in the Declarations as applicable to the Covered Building Property. Coverage under this endorsement DOES NOT increase the applicable Limit of Insurance.

D. Loss Payment

1. When Coverage A applies to the building, including loss in value of the undamaged portion of the building due to enforcement of an ordinance or law, will be determined as follows:

a. If the Replacement Cost Coverage Option applies and the property **is** repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

- (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable, quality of the original property insured; or
- (2) The Limit of Insurance shown in the Declarations as applicable to the covered Building property.

b. If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:

- (1) The actual cash value of the building at the time of loss; or
- (2) The Limit of Insurance shown in the Declarations as applicable to the covered Building property.

2. Unless paragraph **D.4.** applies, loss payment under Coverage B – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described premises; or
- b. The applicable Limit of Insurance shown for Coverage B in the Schedule above.

3. Unless paragraph **D.4.** applies, loss payment under Coverage C – Increased Cost of Construction Coverage will be determined as follows:
- a. We will not pay under Coverage C:
 - (1) Until the property is actually repaired or replaced, at the same or another premises; and
 - (2) Unless the 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 under Coverage C is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.
 - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.
4. If a **Blanket** Limit of Insurance is shown for Coverages B and C in the Schedule above, paragraphs **D.2.** and **D.3.** of this endorsement do not apply with respect to the Building property that is subject to the Blanket Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Blanket Limit of Insurance shown for Coverages B and C in the Schedule above. Subject to this Blanket Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- b. With respect to the Increased Cost of Construction:
 - (1) We will not pay for the increased cost of construction:
 - (a) Until the property is actually repaired or replaced, at the same or another premises; and
 - (b) Unless the repairs or replacement 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.
 - (2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
 - (3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

E. The terms of this endorsement apply on an Occurrence basis.

F. Under this endorsement we will not pay for loss due to any ordinance or law that:

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

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 direct physical loss unless the loss is excluded or limited in this policy.

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 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, 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 tremors and aftershocks and 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.

With respect to coverage for Volcanic Action as set forth in (5)(a), (5)(b) and (5)(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

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

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

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 (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).

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 result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "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 (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives 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.

- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:

- (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
- (2) Changes in or extremes of temperature;
- (3) Disease;
- (4) Frost or hail; or
- (5) Rain, snow, ice or sleet.

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 (unless a higher limit is shown in the Declarations):
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious 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 are the result of one or more of the following causes that occur 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.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

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 continue to be present or active, or recur, 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 cause 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, wind-storm 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; wind-storm 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:
 - (1) 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; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in c.(1) or c.(2) of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERED PROPERTY

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
DIC-1

The following is withdrawn from PROPERTY NOT COVERED and added to COVERED PROPERTY:

SCHEDULE*

Prem. No.	Bldg. No.	Paragraph Reference	Description of Property	Type of Property Coverage (Enter BUILDING of PERSONAL PROPERTY)
ALL	ALL	A.2.j.	PILINGS, PIERS, WHARVES OR DOCKS	BUILDING

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

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

2. Cancellation For Policies In Effect 90 Days Or Less

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

(1) 10 days before the effective date of cancellation if we cancel for non-payment of premium; or

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

(a) A material misstatement or misrepresentation; or

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

b. We may not cancel:

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

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

B. Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy.

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

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

C. The following is added to the **Cancellation Common Policy Condition**:

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

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

- (1) Nonpayment of premium;
- (2) The policy was obtained by a material misstatement;
- (3) In the event of failure to comply, within 90 days after the effective date of coverage, with underwriting requirements established by us before the effective date of coverage;
- (4) There has been a substantial change in the risk covered by the policy;
- (5) The cancellation is for all insureds under such policies for a given class of insureds;
- (6) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
- (7) On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property; or
- (8) The cancellation of some or all of our policies is necessary to protect the best interests of the public or policyholders and such cancellation is approved by the Florida Office of Insurance Regulation.

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

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

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

- (a) Cancellation is for one or more of the reasons stated in Paragraphs 7.a.(2) through 7.a.(7) above, and this policy does not cover a residential structure or its contents; or
- (b) Cancellation is based on the reason stated in Paragraph 7.a.(8) above;

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

- (a) Cancellation is for one or more of the reasons stated in Paragraphs 7.a.(2) through 7.a.(7) above; and
- (b) This policy covers a residential structure or its contents.

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

D. The following is added:

Nonrenewal

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

- a. 45 days prior to the expiration of the policy if this policy does not cover a residential structure or its contents, or if nonrenewal is for the reason stated in Paragraph D.5.; or
- b. 120 days prior to the expiration of the policy if this policy covers a residential structure or its contents.

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

3. We may not refuse to renew this policy:

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

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

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

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

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

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

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

E. Limitations On Cancellation And Nonrenewal In The Event Of Hurricane Or Wind Loss – Residential Property

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

a. Except as provided in Paragraph E.1.b., we may not cancel or nonrenew the policy until at least 90 days after repairs to the residential structure or its contents have been substantially completed so that it is restored to the

extent that it is insurable by another insurer writing policies in Florida. If we elect to not renew the policy, we will provide at least 100 days' notice that we intend to nonrenew 90 days after the substantial completion of repairs.

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

(1) Nonpayment of premium;

(2) Material misstatement or fraud related to the claim;

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

(4) We have paid the policy limits.

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. The following provision applies when a Coinsurance percentage is shown in the Declarations:

Florida law states as follows:

Coinsurance contract: The rate charged in this policy is based upon the use of the coinsurance clause attached to this policy, with the consent of the Insured.

C. The following is added:

If windstorm is a Covered Cause of Loss and loss or damage to Covered Property is caused by or results from windstorm, the following exclusion applies in:

1. Broward County;
2. Dade County;
3. Martin County;
4. Monroe County;
5. Palm Beach County; and
6. All the areas east of the west bank of the Intracoastal Waterway in the counties of:
 - a. Indian River; and
 - b. St. Lucie.

Windstorm Exterior Paint And Waterproofing Exclusion

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

1. Paint; or
2. Waterproofing material;

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

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

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

D. The **Loss Payment** Condition dealing with the number of days within which we must pay for covered loss or damage is replaced by the following:

Provided you have complied with all the terms of this Coverage Part, we will pay for covered loss or damage upon the earliest of the following:

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

Paragraph (3) applies only to the following:

- (a) A claim under a policy covering residential property;
- (b) A claim for building or contents coverage if the insured structure is 10,000 square feet or less and the policy covers only locations in Florida; or

- (c) A claim for contents coverage under a tenant's policy if the rented premises are 10,000 square feet or less and the policy covers only locations in Florida.

E. Sinkhole Collapse Coverage Removed

Sinkhole Collapse coverage is removed, as indicated in Paragraphs **E.1.** through **E.4.**; and coverage for Catastrophic Ground Cover Collapse is added instead as set forth in Paragraph **F.**

1. In the Causes Of Loss – Basic Form and in the Standard Property Policy, Sinkhole Collapse is deleted from the Covered Causes of Loss and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
2. In the Causes Of Loss – Broad Form, Sinkhole Collapse is deleted from the Covered Causes of Loss and from the Additional Coverage – Collapse; and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
3. In the Causes Of Loss – Special Form, Sinkhole Collapse is deleted from the "specified causes of loss" and is no longer an exception to the Earth Movement Exclusion.
4. In the Mortgageholders Errors And Omissions Coverage Form, Sinkhole Collapse is deleted from the Covered Causes of Loss under Coverage **B** and from the "specified causes of loss", and is no longer an exception to the Earth Movement Exclusion.

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

- F.** The following is added to this Coverage Part as a Covered Cause of Loss. In the Causes Of Loss – Special Form and Mortgageholders Errors And Omissions Coverage Form, the following is also added as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

Catastrophic Ground Cover Collapse

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

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

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

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

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

- G.** The following applies to the **Additional Coverage – Civil Authority** under the Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form and Extra Expense Coverage Form:

1. The Additional Coverage – Civil Authority includes a requirement that the described premises are not more than one mile from the damaged property. With respect to described premises located in Florida, such one-mile radius does not apply.
2. The Additional Coverage – Civil Authority is limited to a coverage period of up to four weeks. With respect to described premises located in Florida, such four-week period is replaced by a three-week period.
3. Civil Authority coverage is subject to all other provisions of that Additional Coverage.

H. The following provisions are added to the **Duties In The Event Of Loss Or Damage Loss Condition:**

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

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

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

I. The following definition of structural damage is added with respect to the coverage provided under this endorsement:

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

1. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;

2. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the primary structural members or primary structural systems that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those primary structural members or primary structural systems exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
3. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical primary structural members to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
4. Damage that results in the building, or any portion of the building containing primary structural members or primary structural systems, being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
5. Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA – SINKHOLE LOSS COVERAGE

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Premises Number	Building Number
Florida Only.	Florida Only.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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

- A.** When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** When this endorsement is attached to the Farm Livestock Coverage Form, reference to loss (other than in the term Sinkhole Loss itself) means "loss" as defined in that coverage form.
- C.** The following is added to this Coverage Part as a Covered Cause of Loss. In the forms which address "specified causes of loss", the following is also added as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

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

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

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

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

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

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

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

D. Sinkhole Loss does not include:

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

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

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

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

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

Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Legal Action Against Us Condition in this policy, except that the time for filing suit is extended for a period of 60 days following the conclusion of the neutral evaluation process or five years, whichever is later.

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

H. The following provision is added to the Duties In The Event Of Loss Or Damage Loss Condition:

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

I. The following definitions are added with respect to the coverage provided under this endorsement:

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

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

influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or

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

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

3. "Primary structural system" means an assemblage of "primary structural members".

J. If we deny your claim for Sinkhole Loss without performing testing under section 627.7072, Florida Statutes, you may demand testing by communicating such demand to us in writing within 60 days after you receive our denial of the claim. You are responsible for 50% of the testing costs, or \$2,500, whichever is less. If our professional engineer or geologist provides written certification, pursuant to section 627.7073, that there is sinkhole loss, we will reimburse you for the testing costs.

K. You may not accept a rebate from any person performing repairs for Sinkhole Loss covered under this endorsement. If you receive a rebate, coverage under this endorsement is void and you must refund the amount of the rebate to us.

L. If we deny your claim for Sinkhole Loss upon receipt of written certification from a professional engineer or geologist, pursuant to section 627.7073, that there is no sinkhole loss or that the cause of the damage was not sinkhole activity, and if the sinkhole claim was submitted without good faith grounds for submitting such claim, you shall reimburse us for 50% of the actual costs of the analyses and services provided under sections 627.7072 and 627.7073, or \$2,500, whichever is less. You are not required to pay such reimbursement unless you requested the analysis and services and we, before ordering the analysis, informed you in writing of the potential for reimbursement and gave you the opportunity to withdraw the claim.

M. As a precondition to accepting payment for sinkhole loss, you must file with the county clerk of court, a copy of any sinkhole report regarding your property which was prepared on behalf or at your request. You will bear the cost of filing and recording the sinkhole report.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

SCHEDULE

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

State(s)	Coverage Form, Coverage Part Or Policy

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

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

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

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

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

C. Exception Covering Certain Fire Losses

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

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

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

D. Application Of Other Exclusions

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

ENHANCEMENT PLUS ENDORSEMENT

In consideration of the premium charged, it is agreed and understood that the following changes are made to this policy:

1. The following amendments are made to the indicated forms, if attached to this policy:

A. Property AR PE or AROL PE Endorsement:

The "Ordinance or Law Coverage Amendment" clause is deleted.

B. Business Income (without Extra Expense) CP 00 32 or Business Income (and Extra Expense) CP 00 30:

1) The Extended Period of Indemnity is amended on the following forms:

a) Business Income (without Extra Expense) CP 00 32:

Par. A.4.d. (1) (b) (ii) is amended to state:

(ii) 180 consecutive days after the date determined in (1) (a) above.

Par. A.4.d. (2) (b) (ii) is amended to state:

(ii) 180 consecutive days after the date determined in (2) (a) above.

b) Business Income (and Extra Expense) CP 00 30:

Par. A.5.c. (1) (b) (ii) is amended to state:

(ii) 180 consecutive days after the date determined in (1) (a) above.

Par. A.5.c. (2) (b) (ii) is amended to state:

(ii) 180 consecutive days after the date determined in (2) (a) above.

2) If shown on the Supplemental Declarations CP 12 05 - Optional Coverages:

The 1/12th Monthly Limitation as respects Business Income is revised to 1/3rd monthly limitation SUBJECT TO verification at the time and place of loss that the Insured has reported on the submitted Property App-SOV 100% of the annual Business Income (or Rental Income), including Extra Expense (if covered).

3) Civil Authority:

a) Business Income (without Extra Expense) CP 00 32:

Par. A.4.b. is amended to state:

b. 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 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 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 six consecutive weeks from the date on which such coverage began.

The Company shall not be liable for more than the lesser of: the scheduled Business Income limit or \$2,500,000 per occurrence.

b) Business Income (and Extra Expense) CP 00 30:

Par. A.5.a. is amended to state:

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

whichever is later.

The Company shall not be liable for more than the lesser of: the scheduled Business Income limit or \$2,500,000 per occurrence.

4) Ingress/Egress:

This Policy is extended to cover the actual loss sustained during the period of time when ingress to or egress from the Insured's real or personal property is prohibited as a direct result of a Covered Cause of Loss to real property not insured hereunder.

Coverage will begin 72 hours after the Covered Cause of Loss that prohibits ingress or egress to the insured premises and will apply for a period of up to six consecutive weeks from the date on which such coverage began.

In no event will the Company pay more than \$2,500,000 any one occurrence.

In the event loss or damage involves this Ingress/Egress extension and the Civil Authority extension, the Company shall not be liable for more than the scheduled Business Income limit or \$2,500,000 any one occurrence, whichever is less, as respects both coverages combined.

C. Building & Personal Property CP 00 10 and Condominium Association CP 00 17:

- 1) The Vacancy Provisions (CP 00 10 - Par. E.6.b. and CP 00 17 - Par. E. 7.b.) are waived for properties identified as "vacant" on the Statement of Values (SOV). For a newly vacated property, the Insured has 60 days to report it to the Property Manager before a coverage change. If the Insured reports within this 60 day period, the property will be considered "identified vacant" and will have the full coverage of the policy and the Vacancy Provisions will be waived.

If a vacant location is not identified and reported to the Program Manager on the SOV or within 60 days of becoming vacant, the location will be subject to twice the original applicable Deductible, or \$50,000, whichever is higher. The Vacancy Provisions will be waived.

The carriers have the option to surcharge the vacant location effective as of the vacancy date for up to 15% of the account rate when the location's values are more than 10% of the total values insured by the policy.

D. Cat Covered Property AR CCP Endorsement:

1) The following additional sublimits shall apply:

\$ As per Statement of Values: Per Occurrence as regards signs, fences or lightpoles, provided these items & limits are scheduled as such.

\$ As per Statement of Values: Per Occurrence as regards garages and sheds, provided these items & limits are scheduled as such.

The scheduled items sublimited above are not subject to the separate Wind deductible provisions. The Wind deductibles as stated in the policy will apply.

E. Ordinance or Law Coverage AR 04 05

Item 2 on Page 1 regarding the 50% damage requirement point is deleted.

2. Ordinance or Law Increased Period of Restoration CP 15 31:

Provided this policy covers both Business Income (with or without Extra Expense) and Ordinance or Law (per Form AR 04 05), the policy is extended to cover Ordinance or Law Increased Period of Restoration per the attached form (if not already attached to the policy).

3. Special Premium Provisions as respects deletion or addition of locations:

A. Subject to receipt of closing documents within 30 days of closing, this policy allows pro-rata return premium for locations sold (but not for loss of management contract), subject to a maximum of 25% of scheduled values.

B. Subject to receipt of closing documents, this policy allows pro-rata additional premium for locations purchased during the policy term. Construction of like kind and quality shall be added at the account rate. Locations of differing kind and quality or locations in Dade, Broward or Palm Beach counties of Florida must be approved by the Program Manager prior to attachment.

All extensions of coverage and sublimits provided herein are within the Limits of Liability otherwise stated in the policy, not in addition to the Limits of Liability.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

A. If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from a requirement to comply with any ordinance or law that:

1. Regulates the construction or repair of any property;
2. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
3. Is in force at the time of loss.

However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law which requires:

1. The demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
2. 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.

B. The period of restoration definition is replaced by the following:

"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" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.

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

C. The following definition is added:

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

CYBER Endorsement

Please read this Endorsement carefully.

Notice

Capitalized terms that appear in bold face type are defined in the Definitions section of this Endorsement. Terms with capitalized first letters are defined in more detail in the Schedule below or as the context requires.

Coverage under this Endorsement is provided on a claims made and reported basis and applies only to **Claims** first made against the **Insured** during the Policy Period or to **Loss** discovered during the Policy Period, and applies only to an act, fact, error, omission, event, incident, occurrence, claim or circumstance that occurs on or after the **Retroactive Date** and is reported to **Underwriters** during the Policy Period or **Extended Reporting Period**, if applicable.

Defense Expenses shall reduce the applicable Limits of Liability, subject to any applicable **Retention**, and may completely exhaust the Limit of Liability.

This Endorsement only affords coverage under those **Insured Coverages** below that are indicated in Item 1 of the **Schedule**.

Schedule

1. Limits & Retention

Annual Aggregate Limit: \$50,000

Retention each and every claim: \$2,500

Coverage	Sublimit	Retention / Waiting Period (hours/days)
A Business Interruption	\$50,000	\$2,500 / 12 hours (whichever is greater)
B Data Destruction	\$50,000	\$2,500
C Security and Privacy Liability	\$50,000	\$2,500
D Regulatory Defense and Penalties	\$50,000	\$2,500
E Multimedia Liability	\$50,000	\$2,500

2. Premium

See Contract Allocation Page

3. Retroactive Date

Inception date of this Policy

4. Notification of Claims

TMK 24/7 Emergency Hotline: 844-492-3248

Insuring Agreements

In consideration of the payment of the premium and in reliance upon the **Application**, the **Underwriters** agree to indemnify the **Insured** in excess of the **Retention** and after the expiration of the **Waiting Period**, if applicable, for:

- (a) **Loss** notified in writing to **Underwriters** within the Policy Period provided that the **Privacy Breach, Security Breach, Administrative Error, Power Failure, and Adverse Media Event** first occurred on or after the applicable **Retroactive Date**;
- (b) **Damages** and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** first made against the **Insured** during the Policy Period, and is reported to the **Underwriters** during the Policy Period or **Extended Reporting Period**, if applicable, provided that the **Privacy Breach, Security Breach, and Multimedia Activities** first occurred on or after the applicable **Retroactive Date**.

Insured Coverages:

Coverage A - Business Interruption

Income Loss, Operating Expenses and **Extra Expense**, incurred during the **Interruption Period** and after expiration of the **Waiting Period**, directly as a result of the total or partial interruption or degradation in service of the **Computer System** caused directly by a **Security Breach, Administrative Error** or **Power Failure**.

Coverage B – Digital Asset Destruction

Digital Asset Loss incurred as a direct and necessary result of a **Privacy Breach, Security Breach** or **Administrative Error**. If it is determined that those **Digital Assets** cannot be restored or recreated, the **Underwriters** will only reimburse the **Insured's** expenses incurred up to the date of such determination.

Coverage C – Incident Response Expenses

Breach Response Expenses and **Crisis Communication Expenses** incurred as a result of an actual or alleged **Privacy Breach** or **Security Breach**.

Coverage D - Security and Privacy Liability

Damages and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Security Breach** or **Privacy Breach**.

Coverage E - Regulatory Defense and Penalties

Regulatory Fines and Penalties and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Security Breach** or **Privacy Breach**.

Coverage F - Multimedia Liability

Damages and **Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from **Multimedia Activities**.

Exclusions

The **Underwriters** shall not be liable for any **Claim, Defense Expenses** or **Loss** arising out of or in any way attributable to:

Prior Knowledge or Notification

Any act, fact, error, omission, event, incident, occurrence, claim or circumstance likely to give rise to a claim notified to a previous insurer, or which commenced prior to the Inception Date of this Policy if at that Inception Date the **Control Group** knew or should reasonably have foreseen the act, fact, error, omission, event, incident, or occurrence as likely to form the basis for a claim or **Loss** under this Policy;

Betterment

The financial cost of improvements in respect of the **Insured's Computer System** following a **Privacy Breach, Security Breach, or Administrative Error** which results in better than like kind or quality than that existing at the date of such **Privacy Breach** or **Security Breach**;

Property Damage

Physical injury to, or impairment, destruction, or corruption of, any tangible property (including personal property in the care, custody or control of the **Insured** or as to which the **Insured** is for any purpose exercising physical control), including the use thereof. **Data** is not tangible property;

Electrical or mechanical failures

Outage to telecommunications or utility infrastructure, unless under the **Insured's** direct operational control;

Natural Disasters

A natural disaster or physical event, including fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail or any other physical event however caused;

Bodily Injury

Bodily harm, sickness, or disease, including resulting death. However, this exclusion shall not apply to emotional distress or mental anguish;

Loss of funds

- (a) Loss, decrease in value or theft of securities or currency;
- (b) Trading losses, liabilities or changes in trading account value; or
- (c) Value of electronic fund transfer or wire transfer;

Unauthorized Trading

Trading by an Insured which, at the time of the trade is:

- (a) In excess of permitted financial limits; or
- (b) Outside of permitted product lines.

Insolvency or Bankruptcy

The **Insured's** insolvency or bankruptcy or the insolvency or bankruptcy of any other entity including the failure, inability, or unwillingness to make payments owing to insolvency, liquidation, or bankruptcy;

Insured versus Insured

Any **Claim** made by an **Insured** against another **Insured**. However, this exclusion shall not apply to any **Claim** brought by an **Employee** outside of the **Control Group**, as a result of a **Privacy Breach or Security Breach**;

Excluded Industries

A company whose primary activity is any of the following: Data aggregators; Payment processing; Debt collectors; Embassies and other Government occupied buildings, except State and Local Municipalities and/or hospitals; Gambling; Adult Entertainment; Social media and dating sites; SMART phone apps; Bitcoin;

Insured Misconduct

The **Insured's** willful, deliberate, malicious, fraudulent, dishonest, or criminal act with the knowledge, connivance or acquiescence of any member of the **Control Group**;

Infringement of patents or trade secrets

The actual or alleged infringement of any patent or the misappropriation, theft, copying, display or publication of any trade secret;

Intellectual Property

Misappropriation or infringement of any intellectual property right or patent.

Employer-employee relations

Any employer-employee relations, policies, practices, acts or omissions, any actual or alleged refusal to employ any person, or any misconduct (including sexual or physical misconduct) with respect to **Employees**. However, this exclusion does not apply to a **Privacy Breach**;

Use of illegal or unlicensed programs

Use of illegal or unlicensed programs that leads to a **Privacy Breach** or **Security Breach**;

Negligent Design or Configuration

Negligent design, architecture, or configuration of the **Computer System**;

Payment Card Industry Expenses

Any expenses, penalties or assessments the **Insured** is legally obligated to pay under the terms of a Merchant Services Agreement as a result of the **Insured's** actual or alleged non-compliance with Payment Card Industry Data Security Standards.

Government Intervention

Non-discriminatory measures of a government taken in the public interest for the purposes of ensuring public safety, raising revenues, protecting the environment or regulating economic activities;

Unlawful Collection

The actual or alleged unlawful collection or acquisition of personally identifiable information by or the distribution of unsolicited email, direct mail, or facsimiles, wiretapping, eavesdropping, audio or video recording, or telemarketing, if such distribution, wiretapping or recording is done by or on behalf of the **Insured**;

Unencrypted Media

Any theft of, loss of, or parting with, any portable computing device or media containing data in an electronic format, unless the data stored on such device or media is stored in an encrypted format.

Legislation

- (a) Any actual or alleged unfair competition, price fixing, deceptive trade practices, or restraint of trade; or violation of any anti-trust statute, legislation or regulation, or any consumer protection statute, legislation, or regulation.
- (b) The violation of any applicable economic or trade sanctions imposed by the United States or other government including sanctions administered and enforced by the United States Treasury Department's Office of Foreign Assets Control;
- (c) The actual or alleged purchase, sale, offer of, or solicitation of an offer to purchase or sell securities, or violation of any securities law including the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, including 'Blue Sky' laws;
- (d) The actual or alleged violation of the Organized Crime Control Act of 1970 ('RICO');
- (e) The actual or alleged government enforcement of any state or federal regulation including regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission; however, this exclusion does not apply to the extent that a **Claim** falls under **Insured Coverage E**;
- (f) Any breach or alleged breach of any workers' compensation or similar laws, including the Federal Employers Liability Act;
- (g) Any violation of any pension, healthcare, welfare, profit sharing, mutual, or investment plans, funds, or trusts; or any violation of any provision of the Employee Retirement Income Security Act of 1974 and/or the Pension Protection Act of 2006;
- (h) The violation of, or exposure of the Underwriters to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America;
- (i) the Telephone Consumer Protection Act;
- (j) the CAN-SPAM Act of 2003.

Breach of contract, warranty, guarantee or promise

Any intentional breach of contract.

Liability of others assumed under contract or agreement

The liability of others assumed by the **Insured** by contract or agreement (including any containing any estimate of liquidated damages) predating the act, error, omission or event giving rise to such liability, unless liability would exist absent the specific contract.

Definitions

Administrative Error

An error or omission by an **Employee** in the input, processing or output of **Insured's Digital Assets** or the **Computer System** operation or maintenance.

Adverse Media Event

A report in the media of a **Privacy Breach** or **Security Breach** including via newspapers, radio, television, internet, blogging, vlogging and social media.

Application

All information provided by or on behalf of the **Insured** to the **Underwriters** as part of any request for this Insurance (or any renewal or variation) including any application submitted by an Insured in prior policy periods.

Breach Response Expenses

- (a) Costs of an external IT security expert to determine the cause, scope and extent of the **Privacy Breach** or **Security Breach**;
- (b) Costs and expenses of a legal firm to determine the applicability of any actions necessary to comply with **Privacy Regulations**;
- (c) Notification costs and related expenses to notify:
 - i. Individuals who are required to be notified in compliance with **Privacy Regulations** mandating notification; or
 - ii. at the **Underwriters'** discretion, to individuals residing in states, provinces or countries that do not have mandatory notification laws or regulations;
- (d) Costs of setting up a telephone call center in order to support notified individuals and to provide credit file monitoring services and/or identity theft assistance.

Claim

A written notice received by any **Insured** during the Policy Period of an intention to hold the **Insured** responsible for **Damages** including the service of legal proceedings, the institution of arbitration or mediation or similar proceedings, or a written request to toll or waive a statute of limitations against any of the **Insureds**, a formal civil administrative proceeding to the extent covered by **Insured Coverage E**.

Computer System

A system of interconnected hardware and peripherals, and associated software, operated by the **Insured**;

Control Group

Any of the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Operating Officer, Chief Information Security Officer, Risk Manager or equivalent, or a member of the Risk Management department responsible for placing and maintaining this insurance.

Crisis Communications Expenses

Expenses reasonably incurred by the **Insured** and approved in advance by the **Underwriters** for the employment of a public relations consultant if the **Insured** reasonably considers that action is needed in order to avert or mitigate an **Income Loss** or **Adverse Media Event**.

Damages

The amount an **Insured** is legally obligated to pay in respect of a **Claim**, including a monetary judgment, award, or settlement, interest and a claimant's legal costs and punitive and exemplary damages, to the extent such damages are insurable under the law pursuant to which this Endorsement is construed; and a formal civil administrative proceeding or regulatory action to the extent covered by **Insured Coverage E**;

Damages shall not include:

- (a) future profits or royalties, restitution, or disgorgement of the **Insured's** profits;
- (b) the cost of complying with orders granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief;
- (c) loss of the **Insured's** fees or profits, return or offset of the **Insured's** fees or charges (invoiced or not), or the **Insured's** commissions or royalties provided or contracted to be provided;
- (d) fines, taxes or loss of tax benefits, sanctions or **Regulatory Fines and Penalties** unless covered under **Insured Coverage E**;
- (e) liquidated damages to the extent that such damages exceed the amount for which the **Insured** would have been liable in the absence of such liquidated damages agreement;
- (f) any amount which the **Insured** is not legally obligated to pay; and
- (g) amounts which are uninsurable under the law pursuant to which this Policy is construed.

Data

Information represented, transmitted or stored electronically or digitally including code, or a series of instructions, operating systems programs, software and firmware;

Defense Expenses

Fees charged by an attorney to defend a **Claim** and costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim** incurred with the **Underwriters'** prior written consent, or such fees and costs incurred by an attorney from the Vendors pre-approved by the Underwriters.

Denial of Service

Unauthorized interference or malicious attack that restricts or prevents access to the **Computer System** for entities authorized to gain access.

Digital Asset Loss

Expenses incurred to restore or recreate **Digital Assets**.

Digital Assets

Digital files including data, computer programs, documents and audio content stored on the **Computer System**.

Employee

Any person employed by the **Insured** under a contract of service with the **Insured**, whose labor or service is currently or has formerly been engaged by and directed solely while acting in such capacity by the **Insured**.

Extra Expense

Expenses incurred to avoid or minimize the suspension of business as a result of the total or partial interruption, degradation in service, or failure of the **Computer System** caused by a **Privacy Breach, Security Breach, Administrative Error** or **Power Failure**. The amount of such **Extra Expense** recoverable shall in no event exceed the amount already accounted for in the covered **Income Loss** that is reduced by such incurred expenses.

Income Loss

The net loss of profit, before deduction of income tax, that is reasonably projected to have been earned had no **Privacy Breach, Security Breach, Administrative Error** or **Power Failure** occurred. Such income projection will take into account the experience of the **Insured's** business during the previous twelve months, and the probable experience had no **Privacy Breach, Security Breach, Administrative Error** or **Power Failure** occurred (from the date thereof). **Income Loss** shall be limited to the loss incurred during the **Interruption Period** and after the expiration of the **Waiting Period**.

Insured

- (a) The entity specified in the Policy;
- (b) Any **Subsidiary** whilst a **Subsidiary**;

Interruption Period

The period of time that commences when the interruption, degradation or failure of the **Computer System** begins, and ends on the earlier of:

- (a) the date of restoration of the **Computer System**, plus up to 30 days after such to allow for restoration of the **Insured's** business; or
- (b) 120 days.

Loss

Any or all of **Income Loss, Operating Expenses, Extra Expense, Breach Response Expenses, Regulatory Fines and Penalties, or Crisis Communications Expenses.**

Malicious Code

Software intentionally designed to damage **Digital Assets** or a **Computer System** without the owner's informed consent by a variety of forms including, but not limited to, virus, worm, Trojan horses, spyware, dishonest adware, and crimeware.

Multimedia Activities

The release or display of any electronic media on the **Insured's** website that is under the direct sole control of the **Insured** and directly results in any of the following:

- (a) Defamation, libel, slander, product disparagement or trade libel, including emotional distress, outrage or outrageous conduct directly resulting from the foregoing;
- (b) Infringement, interference, or invasion of an individual's right of privacy or publicity, including false light, intrusion upon seclusion, commercial misappropriation of likeness, and public disclosure of private facts;
- (c) Plagiarism, piracy or misappropriation of ideas under an implied contract;
- (d) Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service name; or
- (e) Domain name infringement or improper deep-linking or framing.

Operating Expenses

Fixed operating expenses that must continue during the **Interruption Period** (including ordinary payroll), but only to the extent that such operating expenses are affected by the total or partial interruption or degradation in service of the **Computer System.**

Power Failure

Failure in electrical power supply, but only where such power is under the direct operational control of the **Insured.**

Privacy Breach

A breach of confidentiality, infringement, or violation of any right to privacy or of the **Privacy Regulations.**

Privacy Regulations

Statutes, laws and regulations associated with the confidentiality, access, control, and use of personally identifiable, non-public information including:

- (a) Health Insurance Portability and Accountability Act of 1996 (Public Law 104- 191);
- (b) Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;
- (c) State and Federal statutes and regulations regarding the security and privacy of consumer information;
- (d) Governmental privacy protection regulations or laws associated with the control and use of personal information;
- (e) Privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act;
- (f) Children's Online Privacy Protection Act;
- (g) any statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information; and
- (h) The EU Data Protection Act or other similar privacy laws worldwide.

Regulatory Fines and Penalties

Civil fines, monetary penalties payable or a monetary amount which the **Insured** is legally obligated to deposit in a fund as equitable relief imposed by a governmental agency or regulatory authority as a result of a breach of the **Privacy Regulations.**

Retention

The figure specified in Item 1 of the Schedule that is payable by the **Insured** in respect of every **Claim** and **Loss**.

Retroactive Date

The date specified in Item 3 of the Schedule.

Security Breach

- (a) **Unauthorized use** of the **Computer System**;
- (b) Denial of Service;
- (c) **Malicious Code**;
- (d) The failure to prevent or hinder participation in a **Denial of Service** from a **Computer System**.

A series of continuing **Security Breaches**, or related or repeated **Security Breaches**, shall be considered a single **Security Breach** and be deemed to have occurred at the time of the first such **Security Breach**.

Subsidiary

Any entity with more than 50% of the outstanding voting securities representing the present right to vote for the election or appointment or designation of such entity's directors, managers or equivalent that are owned or controlled by the **Insured** directly or indirectly; or any joint venture which the **Insured** has managerial control, or which it has the right to elect or designate or otherwise appoint or directly or indirectly control the appointment of more than 50% of such entity's directors, trustees, managers or equivalent.

Unauthorized Use

The use of a **Computer System** by an unauthorized person or an authorized person in an unauthorized manner.

Underwriters

Tokio Marine Kiln Group and any underwriters or insurers identified in the Policy as providing the insurance covered by this Endorsement.

Waiting Period

The period specified in Item 1 of the Schedule, applicable to **Insured Coverage A**, which must expire prior to any right of indemnity hereunder.

Claims Conditions

1. Notice of Claim or Circumstance

As a condition precedent to any coverage under this Policy, if, during the Policy Period, the **Insured** becomes aware of a **Claim** or the need to incur **Loss**, or of any incidents, acts, errors or omissions that could reasonably result in **Loss** or a **Claim**, the **Insured** shall forward details to the **Underwriters** as soon as practicable during the Policy Period through the persons named in the **Schedule** and any **Loss** or **Claim** shall be considered properly reported to the **Underwriters** when notice is first given to those persons.

2. Dispute resolution

- (a) No legal action shall be instituted by any **Insured** against the **Underwriters** in any court in respect of any alleged indemnity payable by the **Underwriters** in respect of any **Claim** unless, as a condition precedent thereto, the amount of the **Insured's** obligation to pay the relevant third party claimant shall have been finally determined either by judgment or award against the **Insured** after actual trial or arbitration or by written agreement of the **Insured**, the claimant, and the **Underwriters**.
- (b) Mediation. See Appraisal Clause stated elsewhere in the policy.

3. Defense, settlement and investigation of Claims

- (a) The **Underwriters** shall have the right and duty to defend any **Claim** against the **Insured**, even if any of the allegations of the **Claim** are groundless, false, or fraudulent, subject to the Limit of Liability, Exclusions, and other terms and conditions of this Policy.
- (b) Unless defense counsel is contacted and chosen via the Hotline 844-492-3248, defense counsel shall be appointed with the **Underwriters'** prior written consent. Such consent shall not be unreasonably withheld. However, in the absence of agreement, the **Underwriters'** decision shall be final.

- (c) The Limit of liability available to pay **Damages** shall be reduced, and may be completely exhausted, by payment of **Defense Expenses** or any other amounts covered under the Policy. **Damages, Defense Expenses, Loss**, and any other amounts covered under the Policy shall be applied against the **Retention**.
- (d) The **Underwriters** shall have the right to make any investigation they deem necessary including with respect to the **Application** or to coverage.
- (e) With respect to **Insured Coverages D, E and F**, if the **Insured** refuses to consent to any settlement or compromise recommended by the **Underwriters**, whether in excess of or within the **Retention**, that is acceptable to the claimant and elects to contest the **Claim**, the **Underwriters'** total liability for any **Damages, Defense Expenses** and other payments shall not exceed:
 - i. The amount for which that **Claim** could have been settled, plus the **Claims Expenses** incurred up to the time of such refusal, less the remaining **Retention**; and
 - ii. Fifty percent (50%) of any **Damages, Defense Expenses** and other payments, incurred after the date such settlement or compromise was recommended to the **Insured**. The remaining fifty percent (50%) of such **Damages, Defense expenses**, or other payments are to be borne by the **Insured** at the **Insured's** own risk and uninsured.
- (f) The **Underwriters** shall not be obligated to pay any **Damages, Defense Expenses, Loss** or any other amounts under the Policy, or to undertake or continue the defense of any suit or proceeding after the applicable Limit of Liability has been exhausted by payment of **Damages, Defense Expenses**, or other amounts under this Policy and that upon such payment, the **Underwriters** shall have the right to withdraw from the further defense thereof without further liability by tendering control of the defense to the **Insured**.

General Conditions

1. General Interpretation

- (a) The singular includes the plural and vice versa, the masculine includes the feminine and neutral, and "entity" includes natural persons;
- (b) "Including" and "include(s)" mean without limitation;
- (c) Any obligation or payment owed by the **Underwriters** shall in every case be subject to the Limits of Liability specified in Item 1 of the Schedule;
- (d) Any reference to legislation, statute, regulation, or law includes any similar or related law, statute, ordinance, or regulation, any amendments, and any rules or regulations or executive orders promulgated thereunder, or by federal, state, local or other agencies or similar bodies thereof;
- (e) Any reference to a regulatory or investigative or other state or local governmental body includes any similar, subsidiary or related agency or body;
- (f) The descriptions in the headings and subheadings of this Endorsement are solely for convenience and form no part of the terms and conditions of coverage;
- (g) All or part of any provision of this Endorsement which is or becomes void or illegal, invalid or unenforceable by a court or other competent body under the law of any applicable jurisdiction shall be deleted. The parties shall use their best efforts to agree a replacement for the provision deleted which achieves as far as possible the same effect as would have been achieved by the deleted provision had it remained enforceable; and
- (h) Any clause designated as a condition precedent shall require the entity to which it applies to comply specifically and completely with it and any breach or failure to do so shall entitle the **Underwriters** to reject all or part of the **Claim** or **Loss** or any related claim or loss whether or not such breach or failure causes loss, prejudice or damage.

2. Policy Liability

The Aggregate Limit specified in Item 1 of the Schedule shall be the maximum liability of the **Underwriters** under this Endorsement. The limits for each **Insured Coverage** specified under Item 1 of the Schedule form part of and are not in addition to such Aggregate Limit.

All **Claims** or **Loss** arising out of the same related or continuing acts, facts, circumstances or event shall be considered a single **Claim** or **Loss**, without regard to the number of **Insureds, Claims** or claimants. All such **Claims** or **Loss** shall be deemed to have been made at the time of the first such **Claim** or **Loss**.

If a **Claim** purports to trigger coverage under more than one policy issued by the Underwriters to the **Insured**, the **Claim** will only be covered under the policy with the highest limit of insurance available or, if the limits are the same, under only one of the policies.

3. Retention & Waiting Period

The **Retention** amount specified in Item 1 of the Schedule for each **Insured Coverage** shall apply separately to each and every **Loss** and **Claim** and shall be satisfied in full by the **Insured's** monetary payments of **Loss, Damages, and Defense Expenses**. The **Underwriters** shall only be liable for the amounts in excess of the **Retention** (subject to the Limit of Liability).

For **Insured Coverages** subject to an additional **Retention** on an hourly value, specified in Item 1 of the Schedule, the **Underwriters** will only become liable on expiration of such **Waiting Period**.

Any **Claim** attaching to more than one **Insured Coverage** shall be subject to the appropriate **Retention** for each such **Insured Coverage**.

The **Insured's** payment of the applicable **Retention** is a condition precedent to the payment by the **Underwriters** of any amounts covered under the Policy. The **Insured** shall make direct payments within the **Retention** to the appropriate parties as designated by the **Underwriters**.

4. Extended Reporting Period

(a) Automatic Extended Reporting Period

If either the **Insured** or the **Underwriters** cancel or non-renew this policy, the **Insured** shall have the right following the effective date of such cancellation or non-renewal to a period of thirty (30) days in which to give written notice to the **Underwriters** of **Claims** or **Loss**, but only in respect of any **Claim** made during the Policy Period or **Loss** which commenced during the Policy Period and is otherwise covered by this insurance.

(b) The Limit of Liability for the Automatic Extended Reporting Period shall be part of, and not in addition to, the Limit of Liability for the Policy Period.

5. Assistance and cooperation

(a) The **Insured** shall cooperate with the **Underwriters** in all investigations relating to this Policy. The **Insured** shall execute or cause to be executed all documents and papers and render all assistance as requested by **Underwriters**, including providing copies of a third party's system security and event logs.

(b) Upon the **Underwriters'** request, the **Insured** shall assist in making settlements, in the conduct of all third party dispute resolution procedures and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Insured** with respect to which insurance is afforded under this Policy, and the **Insured** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses at the **Insured's** own cost.

(c) It is a condition precedent to the **Underwriters'** liability that the **Insured** shall not admit liability, make any payment, assume any obligations, incur any expense, enter into any settlement, stipulate to any judgment or award, or dispose of any **Claim** without the **Underwriters'** prior written consent. However, the prompt public admission of a security breach potentially impacting non-public personally identifiable information of employees or third parties as required by governmental privacy legislation or credit card association operating requirements will not be considered as an admission of liability requiring the **Underwriters'** prior consent.

(d) The **Underwriters** shall have the right to make any investigation they deem necessary with respect to coverage including the **Application**.

(e) The **Insured** shall submit for examination under oath by the **Underwriters'** representative, if requested, in connection with all matters relating to this Policy.