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Attorneys for Plaintiff

ARASH EMAMI, M.D., P.C., INC.,

Plaintiff,

v.

CNA and TRANSPORTATION INSURANCE
COMPANY,

Defendants.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION: PASSAIC COUNTY

Docket No.

CIVIL ACTION

**COMPLAINT AND JURY
DEMAND**

Plaintiff Arash Emami, M.D., P.C., Inc., d/b/a University Spine (“**University Spine**”) with offices at, among other places, 504 Valley Road, Wayne, New Jersey 07470, by way of Complaint and Jury Demand against CNA (“**CNA**”) and Transportation Insurance Company (“**TIC**”) (CNA and TIC, collectively “**Defendants**”), alleges and says as follows:

FIRST COUNT
(Identification of the Parties)

1. University Spine specializes in spine surgery and related procedures, including spinal fusion, scoliosis surgery, cervical discectomy and laminectomy, and pain management, has seven offices in northern New Jersey and New York City, and has its main office in Wayne.

2. CNA is a property and casualty insurance company with a principal place of business at 151 North Franklin Street, 9th Floor, Chicago, Illinois 60606 and, being duly authorized, regularly, continuously and routinely conducts business in New Jersey.

3. Upon information and belief, TIC is a wholly and subsidiary company of CNA, which provides property and casualty insurance, and, also being duly authorized, regularly, continuously and routinely conducts business in New Jersey.

Nature of Proceeding

4. This lawsuit seeks declaratory and other equitable and monetary relief on behalf of University Spine based upon an “All Risks” business operations insurance policy (“**BOP**”), which promised coverage for University Spine’s business income loss caused by a risk of, and/or actual, direct physical loss or damage at its properties. University Spine was exposed to the risk of and suffered actual direct physical loss and/or damage as a result of the COVID-19 virus.

5. As an “All Risks” policy, University Spine understood it was obtaining insurance coverage for “all risks” except to the extent specifically described in an exclusion in the insurance policy.

6. While the insurance policy contains an exclusion for such risks as fungus, bacteria and pollution, the policy does not exclude viruses.

7. In fact, after SARS (severe acute respiratory syndrome) virus in or about 2003 and the Ebola virus in or about 2015, many insurance companies added exclusions to their policies for viruses pursuant to, for example, ISO Form CP 01 40 07 06, captioned “Exclusion for Loss Due to Virus or Bacteria”, but Defendants did not, further confirming that COVID-19 is a covered risk under the subject policy.

Insurance Coverage

8. Defendants issued CNA insurance policy (Policy No. B 6020875374) (the “**Policy**”) to University Spine for the period from December 16, 2019 to December 16, 2020 and

covering University Spine's property at 504 Valley Road, Wayne, New Jersey and 925 Clifton Avenue, Clifton, New Jersey providing, among others, the following coverages:

- (a) Businessowners Coverage;
- (b) Business Income and Extra Expense Coverage; and
- (c) Civil Authority.

A true and exact copy of the Policy is annexed hereto and incorporated herein as Exhibit "A".

9. The Policy provides, inter alia, Business Income, Extra Expense, Civil Authority and other coverages applicable to the risk of, and actual, losses, damages and expenses caused by the COVID-19 pandemic and the related governmental orders.

10. As to Civil Authority coverage, the Policy indicates that it provides coverage for loss of Business Income sustained by University Spine and necessary Extra Expense it incurred caused by action of civil authority that prohibits access to the described premises.

11. The Policy is an "All Risks" policy, which provides coverage for the risk of, and actual, losses, damages and expenses to the insured premises unless specifically excluded.

12. As a result, the Policy provides coverage for the risk of and actual losses, damages and expenses incurred by University Spine due to COVID-19 and the actions of the Government in response to the pandemic.

The COVID-19 Pandemic and the Executive Orders

13. The Center for Disease Control ("CDC") and World Health Organization ("WHO") for years have warned of the possibility of an airborne virus that could cause a worldwide pandemic.

14. COVID-19 is a highly contagious airborne virus that has rapidly spread around the world including the United States.

15. On or about March 9, 2020, New Jersey Governor Phil Murphy (the “**Governor**”) declared a public health emergency, which was a formal recognition that an emergency existed in the State of New Jersey as a result of COVID-19.

16. Two days later, on or about March 11, 2020, COVID-19 was declared a pandemic by the WHO.

17. The COVID-19 virus remains stable and transmittable in aerosols and on various surfaces for prolonged periods of time, up to two or three days, and possibly even longer on some surfaces.

18. The COVID-19 virus is a public health crisis and has profoundly affected virtually all aspects of society, including the ability of people to congregate and gather.

19. The pandemic has been exacerbated by various actions and/or inactions of the federal government, as well as the fact that the virus infects and remains on the surfaces of objects and materials for prolonged periods of time.

20. The CDC issued guidance that gatherings of more than ten (10) people should not occur because such gatherings increase the danger of contracting the often-deadly virus.

21. At least one employee of University Spine tested positive for COVID-19 and that employee had a close family member die due to the virus.

22. Approximately five University Spine patients also tested positive for COVID-19.

23. University Spine’s location in Wayne, New Jersey is in a building that also is occupied by other orthopaedic medical practices as well as an independent medical imaging center. Upon information and belief, the other medical practices may have seen patients in the building who tested positive for COVID-19 and at least two patients who had imaging performed in the building also tested positive.

24. On or about March 16, 2020, University Spine was compelled to suspend its business operations due to COVID-19 and was unable to use its property for its intended purposes.

25. University Spine suffered direct physical loss of and damage to its property from COVID-19 resulting in, inter alia, detrimental physical effects that altered or impaired the functioning of the property.

26. Among numerous executive orders (“**Executive Orders**”), the Governor issued Executive Order 109, prohibiting elective surgeries and all elective invasive medical procedures beginning on or about March 27, 2020 after 5 p.m.

27. As a result of COVID-19 and various governmental and/or Executive Orders, numerous other businesses were forced to close in the immediate surrounding area outside of and/or adjacent to University Spine’s premises.

28. As evidenced by these executive orders, the COVID-19 virus causes damage to property, particularly in places of business, such as that of University Spine and other businesses in the surrounding areas, where the operation of the business requires interaction, gatherings and close contact, often in confined areas where there exists a heightened risk of contamination.

29. On or about May 15, 2020, the Governor amended Executive Order 109 to permit elective surgeries and other invasive procedures to resume as of May 26, 2020 subject to certain restrictive guidelines designed to stop the spread of the virus.

30. While this amended Executive Order enabled University Spine to reopen on a reduced capacity basis, it was required to abide by the Governor’s amended Order by, among other things, limiting access to the premises, removing furniture and other physical property

from the premises, using property to cordon off various sections of the premises and otherwise taking steps to reduce the risk of the transmission of COVID-19 in the workplace.

The Impact of the Pandemic

31. As a result of the impact of the COVID-19 pandemic and the above-referenced Executive Orders, University Spine sustained, at times, a total loss of the use of its premises, was forced to close to the public except for emergency procedures, has seen a dramatic decrease in its business and has been forced to furlough employees, thereby incurring millions of dollars of business loss, damage and expenses.

32. As previously noted, University Spine operates in close quarters and a closed environment at its various premises where many people, including both employees and patients, are entering and leaving and, thereby creating a risk of contamination to its premises.

33. As a result of the pandemic, University Spine's business is highly susceptible to person-to-person, person-to-property, and property-to-person transmittal of the virus and contamination.

34. The pandemic has directly, significantly and adversely affected the business operations of University Spine by causing the risk of, and actual, physical loss of and damage to its property and the risk of further harm to its property and its occupants.

35. University Spine has suffered Business Income, Civil Authority and other related losses, damages, and expenses covered by the Policy issued by Defendants.

Claims for Recovery

36. University Spine submitted a written claim to Defendants for recovery of losses, damages and expenses caused by the COVID-19 virus and the aforementioned Executive Orders.

A copy of that claim letter is attached hereto and incorporated herein by reference as Exhibit “B”.

37. University Spine is entitled to, inter alia, a declaration that it is covered under the Policy for, inter alia, business income, extra expense, contamination, civil authority and other applicable coverage under the Policy.

38. Defendants have wrongfully denied coverage, as confirmed by the denial letter annexed hereto as Exhibit “C”, and said denial was in bad faith.

39. Upon information and belief, Defendants have wrongfully denied coverage under the same types of BOP policies for all of its other customers.

40. University Spine is entitled to a declaration that the Policy issued by Defendants provides coverage for losses, damages and expenses caused by the COVID-19 pandemic and the Executive Orders.

41. University Spine is further entitled to an order enjoining and restraining Defendants from denying coverage under the Policy.

Cause for Action
(Declaratory and Injunctive Relief Pursuant to N.J.S.A. 2A:16-59)

42. University Spine repeats and realleges all of the previous allegations as if same were fully set forth herein at length.

43. University Spine is entitled to coverage under the Policy for the losses, damages and expenses caused by the COVID-19 pandemic and the referenced Executive Orders.

44. Defendants have denied and/or refused to recognize coverage for the losses, damages and expenses of University Spine caused by the pandemic and the Executive Orders.

45. University Spine is entitled under the Policy to recover for the losses, damages and expenses caused by the pandemic and referenced Orders.

46. Defendants have wrongfully refused to provide coverage to University Spine under the Policy and the refusal constitutes, inter alia, a material breach of the Policy.

47. The denial and refusal to acknowledge coverage under the Policy is in direct violation of the specific terms and plain meaning of the provisions in the Policy.

48. The controversy poses an issue or issues for judicial determination under the New Jersey Declaratory Judgment Act, N.J.S.A. 2A:16-59.

49. The controversy involves substantial rights of the parties to this action.

50. As a direct and proximate result of Defendants' actions and/or inactions, University Spine has suffered substantial damages.

51. The actions and/or inactions of Defendants were in bad faith and were otherwise willful, wanton, malicious and in reckless disregard of University Spine's rights.

WHEREFORE, Plaintiff Arash Emami, M.D., P.C., Inc., d/b/a University Spine, demands judgment on this the First Count of the Complaint against Defendants CNA and TIC jointly, severally and/or in the alternative, as follows:

A. Declaring and adjudging that Plaintiff is entitled to coverage for the risk of, and all, physical losses, damages and expenses caused by the COVID-19 pandemic and the referenced Executive Orders;

B. Enjoining and restraining Defendants from further denying coverage to Plaintiff for the risk of, and all, physical losses or damages caused by the COVID-19 pandemic and the Executive Orders;

C. Damages;

D. Cost of suit;

E. Interest;

F. Reasonable attorneys' fees; and

G. Such further relief as this Court deems just and equitable under the circumstances.

SECOND COUNT
(Breaches of Contract)

52. University Spine repeats and realleges all of the previous allegations as if same were fully set forth herein at length.

53. The Policy constitutes a contract between University Spine and Defendants.

54. Defendants breached material terms in the contract by, inter alia, disclaiming coverage under the Policy.

55. As a direct and foreseeable consequence of Defendants' breaches of the Policy, University Spine suffered, and continues to suffer, substantial damages.

WHEREFORE, Plaintiff Arash Emami, M.D., P.C., Inc., d/b/a University Spine, demands judgment on this the Second Count of the Complaint against Defendants CNA and TIC jointly, severally and/or in the alternative, as follows:

A. Declaring and adjudging that Plaintiff is entitled to coverage for the risk of, and all, physical losses, damages and expenses caused by the COVID-19 pandemic and the referenced Executive Orders;

B. Enjoining and restraining Defendants from further denying coverage to Plaintiff for the risk of, and all, physical losses or damages caused by the COVID-19 pandemic and the Executive Orders;

C. Damages;

D. Cost of suit;

E. Interest;

F. Reasonable attorneys' fees; and

G. Such further relief as this Court deems just and equitable under the circumstances.

THIRD COUNT
(Breaches of the Implied Covenant of Good Faith and Fair Dealing)

56. University Spine repeats and realleges all of the previous allegation as if same were fully set forth herein at length.

57. In every contract in New Jersey there is an implied covenant that the parties to the contract will treat each other in good faith and will deal fairly with each other.

58. There is an implied covenant of good faith and fair dealing in the Policy.

59. Defendants breached, among other things, the covenant of good faith and fair dealing implied in the Policy when it rejected University Spine's claim for coverage.

60. As a direct and proximate result thereof, University Spine suffered, and continues to suffer, substantial damages.

WHEREFORE, Plaintiff Arash Emami, M.D., P.C., Inc., d/b/a University Spine, demands judgment on this the Third Count of the Complaint against Defendants CNA and TIC jointly, severally and/or in the alternative, as follows:

A. Declaring and adjudging that Plaintiff is entitled to coverage for the risk of, and all, physical losses, damages and expenses caused by the COVID-19 pandemic and the referenced Executive Orders;

B. Enjoining and restraining Defendants from further denying coverage to Plaintiff for the risk of, and all, physical losses or damages caused by the COVID-19 pandemic and the Executive Orders;

C. Damages;

- D. Cost of suit;
- E. Interest;
- F. Reasonable attorneys' fees; and
- G. Such further relief as this Court deems just and equitable under the circumstances.

FOURTH COUNT
(Bad Faith)

61. University Spine repeats and realleges all of the previous allegations as if same were fully set forth herein at length.

62. For the aforesaid reasons, Defendants disclaimed coverage under the Policy in bad faith.

63. The aforesaid actions and/or inactions of Defendants were willful, wanton, malicious and/or in reckless disregard of University Spine's rights.

64. As a direct and proximate result thereof, University Spine suffered, and continues to suffer, substantial damages.

WHEREFORE, Plaintiff Arash Emami, M.D., P.C., Inc., d/b/a University Spine, demands judgment on this the Fourth Count of the Complaint against Defendants CNA and TIC jointly, severally and/or in the alternative, as follows:

A. Declaring and adjudging that Plaintiff is entitled to coverage for the risk of, and all, physical losses, damages and expenses caused by the COVID-19 pandemic and the referenced Executive Orders;

B. Enjoining and restraining Defendants from further denying coverage to Plaintiff for the risk of, and all, physical losses or damages caused by the COVID-19 pandemic and the Executive Orders;

- C. Damages;
- D. Punitive Damages;
- E. Cost of suit;
- F. Interest;
- G. Reasonable attorneys' fees; and
- H. Such further relief as this Court deems just and equitable under the

circumstances.

MANDELBAUM SALSBURG, P.C.
Attorneys for Plaintiff

By: /s/Steven I. Adler
STEVEN I. ADLER

Dated: October 5, 2020

JURY DEMAND

Plaintiff hereby demands a trial by jury on all issues so triable.

TRIAL COUNSEL DESIGNATION

Pursuant to R. 4:25-4, Steven I. Adler, Esq. is hereby designated as trial counsel for Plaintiff.

CERTIFICATION

Pursuant to R. 4:5-1(b)(2), I certify that to the best of my knowledge and based upon the information available to me at this time, the matter in controversy is not the subject of any other action pending in any court or pending arbitration proceedings, nor is any other court or

arbitration proceeding contemplated. I hereby certify that to the best of my knowledge and based upon the information available to me at this time, no additional parties should be joined in the action.

I further certify, pursuant to R. 4:5-1(b)(3), that any confidential personal identifiers have been redacted from documents now submitted to the Court, and will be redacted from all documents submitted in the future in accordance with R. 1:38-7(b).

MANDELBAUM SALSBURG, P.C.
Attorneys for Plaintiff

By: /s/Steven I. Adler
STEVEN I. ADLER

Dated: October 5, 2020

EXHIBIT A



Policyholder Notice – Countrywide

IMPORTANT INFORMATION

REQUEST FOR JURISDICTIONAL INSPECTION OF PRESSURE EQUIPMENT

Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters and pressure vessels. Periodic inspections are required to renew these certificates. In most jurisdictions, as part of an equipment breakdown policy, insurance company employees who have been licensed are authorized to perform these inspections.

If:

- You own/operate pressure equipment that requires a certificate from a state, county, city or parish to operate legally, and
- We insure that equipment under this Policy, and
- You would like CNA to perform the next required inspection:

Then:

Complete the form on page 2 and email, mail or fax as instructed:

No need to call or respond if you do not have boilers or pressure vessels that require operating certificates.

BY EMAIL: **EBinspections@cna.com** (please scan the completed form and attach)

BY MAIL:

BY FAX: 609-524-3649

CNA Equipment Breakdown Risk Control
184 Liberty Corner Road
4th Floor, Suite 402
Warren, NJ 07059

BY PHONE: call 866-262-0540 – press "4"

Questions or inquiries can be made via any of the above methods of communication.

Please note the following:

- Your jurisdiction(s) may charge you a fee for renewing a certificate. It is your responsibility to pay such a fee.
- If CNA is required to pay the fee on your behalf, CNA will invoice you to recover that fee.
- All the provisions of the INSPECTION AND SURVEYS condition apply to the inspections described in this notice.

Failure to notify us can result in fines and penalties being issued to the equipment owner by the governing jurisdiction. CNA is not responsible for said fines or penalties.

REMINDER

If new equipment is installed or old equipment replaced that requires a jurisdictional inspection, please let us know by transmitting the new information to the postal address/fax number/email address listed above and on the following page.

If this is a renewal and information (locations) has not changed, please disregard this notice.

If inspection and maintenance are outside of your area of responsibility, we would appreciate your forwarding this notice to the appropriate person. **If no response is received, we are assuming there are no jurisdictional objects at your location(s) and no inspections are required.**

Note: Jurisdictional inspections are not conducted outside of the United States, its territories, possessions, or Canada.

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Policyholder Notice – Countrywide

REQUEST FOR JURISDICTIONAL INSPECTION

Insured Name:

Facility/Location Name:

Policy Number:

Policy Term:

Contact Person & Title:

Contact Phone Number(s)—Office:

Cell:

Contact Email Address:

Location Address ¹	City	State	Zip
1.			
2.			
3.			

Equipment Type ^{2,3,4} (Boiler, Pressure Vessel)	Registration Number (State #)	Certificate Expiration Date

Completed By (Name & Date): _____

Telephone #/Email Address: _____

BY EMAIL: EBinspections@cna.com (please scan the completed form and attach)

BY MAIL:

CNA Equipment Breakdown Risk Control
184 Liberty Corner Road
4th Floor, Suite 402
Warren, NJ 07059

BY FAX: 609-524-3649

BY PHONE: call 866-262-0540 – press "4"

¹If multiple objects and/or multiple locations, please list all required information on separate page(s).

²Boiler is defined as an enclosed vessel heated by fuel or electricity to produce steam or hot water.

³Pressure Vessel is defined as an enclosed vessel (tank) greater than 6 cubic feet (18 inches x 40 inches) to store liquid or gas under pressure for use when needed.

⁴LPG (ex: propane, propylene, butane & butylenes) Tank with vapor pressures not exceeding that allowed for commercial propane. California requirement only.



IMPORTANT INFORMATION

"PLIGA" SURCHARGE FOR OUR NEW JERSEY COMMERCIAL LINES POLICYHOLDERS

Your policy premium includes a New Jersey Property – Liability Insurance Guaranty Association (PLIGA) surcharge. PLIGA protects consumers from insurance company insolvencies. The cost of this guaranty fund is assessed to all insurance companies in New Jersey; and in compliance with Department of Insurance Order No. A18-105, it is passed along to individual consumers via this surcharge.

The surcharge is 0.53% of your premium for all property/liability coverage except for life insurance, accident and health insurance, workers' compensation insurance, title insurance, annuities, surety bonds, credit insurance, mortgage guaranty insurance, municipal bond coverage, fidelity insurance, investment return assurance, ocean marine insurance, and pet health insurance.

For purposes of this surcharge and in compliance with New Jersey Insurance Department Regulation N.J.S.A. 17:30A-8a (3), the declarations page of this policy is the "premium bill."

If you have questions about the New Jersey – Liability Insurance Guaranty Association or this surcharge, please contact your independent CNA agent.

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Policy Holder Notice – Countrywide

IMPORTANT INFORMATION

NOTICE – OFFER OF TERRORISM COVERAGE; DISCLOSURE OF PREMIUM

THIS NOTICE DOES NOT FORM A PART OF THE POLICY, GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

As used herein, 1) "we" means the insurer listed on the Declarations or the Certificate of Insurance, as applicable; and 2) "you" means the first person or entity named on the Declarations or the Certificate of Insurance, as applicable.

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

This Notice is designed to alert you to coverage restrictions and to certain terrorism provisions in the policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

CHANGE IN THE DEFINITION OF A CERTIFIED ACT OF TERRORISM

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Originally, the Act provided that to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States. However, the 2007 re-authorization of the Act removed the requirement that the act of terrorism must be committed by or on behalf of a foreign interest, and now certified acts of terrorism may encompass, for example, a terrorist act committed against the United States government by a United States citizen, when the act is determined by the federal government to be "a certified act of terrorism."

In accordance with the Act, we are required to offer you the ability to purchase coverage for losses resulting from an act of terrorism that is certified under the federal program. The other provisions of this policy, including nuclear, war or military action exclusions, will still apply to such an act.

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The Department of the Treasury will pay a share of terrorism losses insured under the federal program. In 2015, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention, and shall decrease by 1 percentage point per calendar year until equal to 80%.

LIMITATION ON PAYMENT OF TERRORISM LOSSES

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

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Policy Holder Notice – Countrywide

Further, this coverage is subject to a limit on our liability pursuant to the federal law where, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. 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.

CONFIRMATION OF ACCEPTANCE OF COVERAGE

In accordance with the Act, we offered you coverage for losses resulting from an act of terrorism that is certified under the federal program. This notice confirms that you have chosen to accept our offer of coverage for certified acts of terrorism. The policy's other provisions, including nuclear, war or military action exclusions, will still apply to such an act. The premium charge for terrorism coverage, if any, is shown separately on the Declarations or the Certificate of Insurance, as applicable.



CNA Connect

Renewal Declaration

POLICY NUMBER B 6020875374	COVERAGE PROVIDED BY TRANSPORTATION INSURANCE COMPANY 151 N Franklin CHICAGO, IL 60606	FROM - POLICY PERIOD - TO 12/16/2019 12/16/2020
	INSURED NAME AND ADDRESS ARASH EMAMI, MD, PC, INC. C/O CHARLES LOTA CPA 6 PROSPECT AVE., SUITE 3A MIDLAND PARK, NJ 07432-1634	
AGENCY NUMBER 033810	AGENCY NAME AND ADDRESS STRATEGIC INSURANCE PARTNERS, INC. 492 FRANKLIN AVE. NUTLEY, NJ 07110 Phone Number: (973)661-4600	
BRANCH NUMBER 190	BRANCH NAME AND ADDRESS NEW JERSEY BRANCH. 184 LIBERTY CORNER RD STE 402 WARREN, NJ 07054 Phone Number: (908)991-4500	

This policy becomes effective and expires at 12:01 A.M. standard time at your mailing address on the dates shown above.

The Named Insured is a Corporation.

Your policy is composed of this Declarations, with the attached Common Policy Conditions, Coverage Forms, and Endorsements, if any. The Policy Forms and Endorsement Schedule shows all forms applicable to this policy at the time of policy issuance.

The Estimated Policy Premium Is	\$4,475.00
New Jersey PLIGA Surcharge	\$23.70
Total Policy Charges	\$4,498.70
Terrorism Risk Insurance Act Premium	\$44.00

Audit Period is Not Auditable

POLICY NUMBER

B 6020875374

INSURED NAME AND ADDRESS

ARASH EMAMI, MD, PC, INC.
 C/O CHARLES LOTA CPA
 6 PROSPECT AVE., SUITE 3A
 MIDLAND PARK, NJ 07432-1634

PROPERTY COVERAGE**LIMIT OF INSURANCE**

The following deductible applies unless a separate deductible is shown on the Schedule of Locations and Coverage.

Deductible: \$500

Business Income and Extra Expense Coverage

Business Income and Extra Expense

12 Months Actual Loss Sustained

Business Income and Extra Expense - Dependent Properties

\$10,000

Employee Dishonesty

\$25,000

Forgery and Alteration

\$25,000

LIABILITY COVERAGE**LIMIT OF INSURANCE**

Liability and Medical Expense Limit - Each Occurrence

\$1,000,000

Medical Expense Limit -- Per Person

\$10,000

Personal and Advertising Injury

\$1,000,000

Products/Completed Operations Aggregate

\$2,000,000

General Aggregate

\$2,000,000

Damage To Premises Rented To You

\$300,000

Employment Practices/Fiduciary Liability Retroactive Date: 12/16/2015

\$10,000

EPLI Deductible: \$0

POLICY NUMBER

B 6020875374

INSURED NAME AND ADDRESSARASH EMAMI, MD, PC, INC.
C/O CHARLES LOTA CPA
6 PROSPECT AVE., SUITE 3A
MIDLAND PARK, NJ 07432-1634**SCHEDULE OF LOCATIONS AND COVERAGE****LOCATION 1 BUILDING 1**504 VALLEY RD
WAYNE, NJ 07470

Construction: Masonry Non Combustible

Class Description: Medical Offices

Inflation Guard 3%

PROPERTY COVERAGE**LIMIT OF INSURANCE**

Accounts Receivable	\$25,000
Building	Not Covered
Business Personal Property	\$221,793
Electronic Data Processing	\$50,000
Equipment Breakdown	\$221,793
Fine Arts	\$25,000
Ordinance or Law - Demolition Cost, Increased Cost of Construction	\$25,000
Seasonal Increase: 25%	
Sewer or Drain Back Up	\$25,000
Valuable Papers & Records	\$25,000

LOCATION 2 BUILDING 1925 Clifton Avenue
CLIFTON, NJ 07015

Construction: Joisted Masonry

Class Description: Medical Offices

Inflation Guard 3%

PROPERTY COVERAGE**LIMIT OF INSURANCE**

Accounts Receivable	\$25,000
Building	Not Covered
Business Personal Property	\$221,793
Electronic Data Processing	\$50,000
Equipment Breakdown	\$221,793

POLICY NUMBER

B 6020875374

INSURED NAME AND ADDRESS

ARASH EMAMI, MD, PC, INC.

C/O CHARLES LOTA CPA

6 PROSPECT AVE., SUITE 3A

MIDLAND PARK, NJ 07432-1634

SCHEDULE OF LOCATIONS AND COVERAGE**PROPERTY COVERAGE****LIMIT OF INSURANCE**

Fine Arts	\$25,000
Ordinance or Law - Demolition Cost, Increased Cost of Construction	\$25,000
Seasonal Increase: 25%	
Sewer or Drain Back Up	\$25,000
Valuable Papers & Records	\$25,000

POLICY NUMBER

B 6020875374

INSURED NAME AND ADDRESS

ARASH EMAMI, MD, PC, INC.
C/O CHARLES LOTA CPA
6 PROSPECT AVE., SUITE 3A
MIDLAND PARK, NJ 07432-1634

LOSS PAYEE SCHEDULE

All loss payees as their interests may appear in the Covered Property.

The following provisions apply in accordance with the insurable interest of the loss payee: Loss Payee

Description of Property: Any Covered Property in which a loss payee, creditor or lender holds an interest, including any person or organization you have entered a contract with for the sale of Covered Property.



POLICY NUMBER

B 6020875374

INSURED NAME AND ADDRESS

ARASH EMAMI, MD, PC, INC.
 C/O CHARLES LOTA CPA
 6 PROSPECT AVE., SUITE 3A
 MIDLAND PARK, NJ 07432-1634

FORMS AND ENDORSEMENTS SCHEDULE

The following list shows the Forms, Schedules and Endorsements by Line of Business that are a part of this policy.

COMMON

FORM NUMBER		FORM TITLE
CNA79203XX	06/2014	Exclusion - Access or Disclosure of Confidential
CNA80103XX	09/2014	Primary and Non Contributory - Other Ins Condition
CNA81751XX	03/2015	Cap on Losses from Certified Acts of Terrorism
SB147075A	01/2006	Economic and Trade Sanctions Condition
SB147082E	04/2014	Businessowners Common Policy Conditions
SB147086B	04/2010	Loss Payable Provisions

COMMERCIAL PROPERTY

FORM NUMBER		FORM TITLE
SB146801I	04/2014	Businessowners Special Property Coverage Form
SB146802E	06/2016	Business Income and Extra Expense
SB146803A	01/2006	Seasonal Increase
SB146804A	01/2006	Arson and Theft Reward
SB146805B	06/2016	Claim Data Expense
SB146806B	01/2008	Debris Removal
SB146807E	06/2016	Employee Dishonesty
SB146808A	01/2006	Expediting Expenses
SB146809C	07/2009	Fine Arts
SB146810A	01/2006	Fire Department Service Charge
SB146811A	01/2006	Fire Protective Equipment Discharge
SB146812C	04/2010	Forgery and Alteration
SB146813B	01/2008	Newly Acquired or Constructed Property
SB146814B	03/2006	Ordinance or Law
SB146815A	01/2006	Outdoor Trees, Shrubs, Plants and Lawns
SB146816A	01/2006	Pollutant Clean Up and Removal
SB146817A	01/2006	Preservation of Property
SB146818A	01/2006	Temporary Relocation of Property
SB146819A	01/2006	Water Damage, Other Liquids, Solder, Molten Damage
SB146820C	06/2011	Accounts Receivable
SB146821A	01/2006	Appurtenant Buildings and Structures
SB146822A	01/2006	Building Glass
SB146823B	01/2008	Business Income Extra Expense - Dependent Property
SB146824B	01/2008	Business Income Extra Expense-Newly Acquired Locs
SB146825C	06/2011	Business Personal Property Off Premises
SB146826B	01/2008	Civil Authority
SB146827F	06/2011	Electronic Data Processing
SB146828E	04/2014	Equipment Breakdown
SB146830B	01/2008	Money Orders and Counterfeit Paper Currency
SB146831B	06/2011	Nonowned Detached Trailers
SB146832B	01/2008	Ordinance or Law-Increased Period of Restoration
SB146833A	01/2006	Outdoor Property
SB146834A	01/2006	Personal Effects
SB146835A	01/2006	Signs
SB146836A	01/2006	Spoilage Consequential Loss
SB146837A	01/2006	Theft Damage to Rented Property
SB146838C	06/2011	Valuable Papers and Records
SB146839F	06/2011	Sewer or Drain Back Up
SB146936A	01/2006	Inflation Guard

POLICY NUMBER

B 6020875374

INSURED NAME AND ADDRESS

ARASH EMAMI, MD, PC, INC.
 C/O CHARLES LOTA CPA
 6 PROSPECT AVE., SUITE 3A
 MIDLAND PARK, NJ 07432-1634

FORMS AND ENDORSEMENTS SCHEDULE**COMMERCIAL PROPERTY**

FORM NUMBER		FORM TITLE
SB146997B	07/2009	Fungus, Wet Rot, Dry Rot and Bacteria Exclusion
SB146998D	01/2019	New Jersey Changes
SB300129A	03/2006	Targeted Hacker Attack
SB300139C	04/2014	Protective Safeguards
SB300173A	01/2007	NEW JERSEY CHANGES EXCLUSION LIABILITY FOR HAZARDS
SB300456A	07/2007	Concurrent Causation, Earth Movmnt, Water Excl Chg
SB300596A	01/2008	Identity Theft/Recovery Services Endorsement

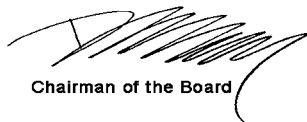
COMMERCIAL GENERAL LIABILITY

FORM NUMBER		FORM TITLE
SB146932F	06/2016	Blanket Additional Insured - Liability Extension
SB146999A	01/2006	Mandatory Endorsement - Aggregate Limits - NJ
SB147000A	01/2006	New Jersey Changes - Loss Information
SB147079A	01/2006	War Liability Exclusion
SB147080A	01/2006	Exclusion - Silica
SB147083B	07/2009	Fungi/Mold/Mildew/Yeast/Microbe Exclusion
SB147088A	01/2006	Exclusion - Asbestos
SB147089A	01/2006	Employment - Related Practices Exclusion
SB300000D	04/2014	Businessowners Liability Coverage Form
SB300441A	01/2007	Fiduciary Liability Coverage Form
SB300449A	01/2007	Single Limit of Insurance Endorsement
SB300450A	01/2007	Employment Practices Liability Coverage Form
SB300849A	07/2009	Recd and Distribution of Material or information

*** PLEASE READ THE ENCLOSED IMPORTANT NOTICES CONCERNING YOUR POLICY ***

FORM NUMBER		FORM TITLE
CNA62823XX	07/2017	Req For Jurisdictional Inspection Of Pressure Equip
CNA62848NJ	02/2019	Policyholder Notice - New Jersey PLIGA Surcharge
CNA81758XX	03/2015	Notice - Offer of Terrorism Disclosure of Premium
CNA95404XX	03/2019	CNA Coveragepage Form
SB300462A	08/2007	Policy Limitation Disclosure Notice - New Jersey




 Chairman of the Board

 Countersignature


 Secretary



EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY - WITH LIMITED BODILY INJURY EXCEPTION

It is understood and agreed that this endorsement amends the **BUSINESSOWNERS LIABILITY COVERAGE FORM** as follows:

Under **Exclusions**, the exclusions **Applicable to Business Liability Coverage** are amended to:

I. Delete the exclusion entitled **Electronic Data and replace it with the following:**

This insurance does not apply to:

Access or Disclosure Of Confidential Or Personal Information And Data-related Liability

- (1) Damages, other than damages because of "personal and advertising injury," arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury."

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

II. Add the following to the exclusion entitled **Personal and Advertising Injury:**

This insurance does not apply to:

Personal And Advertising Injury

"Personal and advertising injury":

Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any person's or organization's confidential or personal information.

All other terms and conditions of the Policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PRIMARY AND NONCONTRIBUTORY-
OTHER INSURANCE CONDITION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COMMON POLICY CONDITIONS

The following is added to Paragraph **H. Other Insurance** and supersedes any provision to the contrary:

Primary And Noncontributory Insurance

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

1. The additional insured is a Named Insured under such other insurance; and
2. You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

All other terms and conditions of the Policy remain unchanged.



CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM ENDORSEMENT SCHEDULE

Solely with respect to any Coverage Part set forth in the Schedule, it is understood and agreed as follows:

Whenever used in this endorsement, 1) "we" means the insurer listed on the Declarations or the Certificate of Insurance, as applicable; and 2) "you" means the first person or entity named on the Declarations or the Certificate of Insurance, as applicable.

A. Cap on Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the Terrorism Risk Insurance Act, as extended and reauthorized (the "Act"). The criteria contained in the Act for a "certified act of terrorism" include the following:

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

If aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application of Exclusions

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

All other terms and conditions of the Policy remain unchanged.

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BUSINESSOWNERS SPECIAL 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 the insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION G – PROPERTY DEFINITIONS**, and **SECTION H – MALICIOUS CODE, SYSTEM PENETRATION, AND DENIAL OF SERVICE 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 a Covered Cause Of Loss.

1. Covered Property

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

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

- (1) Completed Additions;
- (2) Fences
- (3) Fixtures, including outdoor fixtures;
- (4) Retaining walls, whether or not attached;
- (5) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (6) Outdoor swimming pools;
- (7) Personal Property owned by you that is used to maintain or service the building or structure or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings;
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (e) Lawn maintenance and snow removal equipment; and

(f) Alarm systems;

(8) If not covered by other insurance:

(a) Alterations and repairs to the building structure;

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making alterations or repairs to the building or structure.

b. Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,000 feet of the described premises, including;

(1) Property that you own that is used in your business;

(2) Property of others that is in your care, custody or control;

(3) 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 or lease but do not own; and

(b) You acquired or made at your expense but are not permitted to remove;

(4) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph **A.1.b.(2).**;

(5) Your leasehold interest in improvements and betterments which are not damaged or destroyed, but which you lose because your lease is cancelled by the lessor as a result of damage to the building from a Covered Cause of Loss. When this occurs, we will calculate the value of your interest in the improvements and

betterments as though they had been damaged or destroyed and not repaired or replaced promptly, as provided in the Valuation Loss Condition;

- (6) Your "money" and "securities";
- (7) "Stock."
- (8) Tools and equipment owned by your employees which are used in your business operations.

2. Property Not Covered

Covered Property does not include:

- a. Aircraft;
- b. Automobiles held for sale;
- c. Vehicles or self-propelled machines that are:
 - (1) Licensed for use on public roads (subject to motor vehicle registration); or
 - (2) Operated principally away from the described premises;

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos that you manufacture, process or warehouse;
- (2) Vehicles or self-propelled machines, other than autos, that you hold for sale; or
- (3) Trailers or semi-trailers, except as provided in the Non-Owned Detached Trailers Coverage.
- d. Dams or dikes;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavating, grading, backfilling or filling (except those costs necessary due to repair of buildings insured under this Coverage Form from a Covered Cause of Loss), reclaiming or restoring land or water;
- g. Water or land whether in its natural state or otherwise (including land on which the property is located), land improvements, growing crops or standing timber;
- h. Outdoor trees, shrubs, plants and lawns, other than "stock" except as provided in the Outdoor Trees, Shrubs, Plants and Lawns Additional Coverage;
- i. The following property while outside of the buildings:
 - (1) Bridges, walks, roadways, patios or other paved surfaces; or

- (2) Outdoor radio or television antennas (including satellite dishes) and including their lead-in wiring, masts or towers;

Except as provided in the Outdoor Property Coverage Extension;

- j. Watercraft (including motors, equipment and accessories) while afloat;
- k. Accounts and bills, except as provided in the Accounts Receivable Coverage Extension;
- l. "Valuable Papers and Records," except as provided in the Valuable Papers and Records Coverage Extension;
- m. 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;
- n. "Fine Arts," except as provided in the Fine Arts Additional Coverage;
- o. Bullion, gold, silver, platinum and other precious alloys or metals, unless they are used in your "operations" (theft limitation applies);
- p. "Electronic data processing equipment" and "Electronic media and data" (not including "stock"), except as provided in the Electronic Data Processing Equipment, Electronic Media and Data and Electronic Data (EDP Coverage Form) Coverage Extension, the Business Income And Extra Expense Coverage Extension, the Accounts Receivable Coverage Extension or the Targeted Hacker Attack Coverage Extension;

Your Business Personal Property coverage is extended to provide excess coverage for loss to the Electronic Data Processing Equipment and Electronic Media and Data (EDP Coverage Form) located only at the described premises and resulting from a covered cause of loss. All exclusions applicable to Business Personal Property apply to this excess coverage. This excess coverage is included in and is not in addition to the limits applicable to your Business Personal Property.

- q. Outdoor signs, except as provided in the Signs Coverage Extension.

3. Covered Causes of Loss

RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

- a. Excluded in section B. EXCLUSIONS;
- b. Limited in paragraph A.4. Limitations; or

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- c. Excluded or limited by other provisions of this policy.

4. Limitations

- a. We will not pay for loss of or damage to:
- (1) The "interior of any building or structure" or to personal property in the building or structure, caused by rain, snow, sleet or ice whether driven by wind or not, unless:
 - (a) The building or structure first sustains actual damage to the roof or walls by wind or hail and then we will pay only for the loss to the "interior of the building or structure" or the personal property in the building or structure that is caused by rain, snow, sleet, sand or dust entering the building(s) or structure(s) through openings in the roof or walls made by direct action of wind; or
 - (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - (2) 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 gasses or fuel within the furnace of any fired vessel or within the flues or passages through which the gasses of combustion pass.
 - (3) 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.
- b. We will not pay for loss of or damage to the following types of property unless caused by any of the "specified causes of loss" or building glass breakage
- (1) Live animals, birds or fish, and then only if they are killed or their destruction is made necessary. This limitation does not apply to animals, birds or fish owned by you and held as "stock."
 - (2) Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This limitation does not apply to:
 - (a) Glass that is part of the exterior or interior of a building or structure;
 - (b) Containers or property held for sale; or

- (c) Photographic or scientific instrument lenses.

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

- (1) \$2,500 for furs, fur garments, and garments trimmed with fur.
- (2) \$5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$500 or less per item.
- (3) \$25,000 for patterns, dies, molds and forms.

- d. We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss if the building where loss or damage occurs has been "vacant" for more than 60 consecutive days before that loss or damage occurs:

- (1) Vandalism;
- (2) Sprinkler leakage, unless you have protected the system against freezing;
- (3) Building glass breakage;
- (4) Discharge or leakage of water;
- (5) "Theft"; or
- (6) Attempted "theft."

With respect to Covered Causes of Loss other than those listed in 4.d.(1) through 4.d.(6) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

5. Additional Coverages

Additional Coverages may be attached to this Policy (designation would appear in the attached form(s)). Unless otherwise stated, payments made under these Additional Coverages are in addition to the applicable Limits of Insurance.

6. Coverage Extensions

Coverage forms may be attached to this Policy and designated as Coverage Extensions (such designation would appear in the attached form(s)). Unless otherwise stated, payments made under these Coverage Extensions are subject to and not in addition to the applicable Limits of Insurance in this Coverage Form.

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

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

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

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

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

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

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

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Power Failure or Fluctuation

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

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

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

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

g. Water

- (1) "Flood," surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water or sewage that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings.

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

h. Neglect

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

i. Collapse of Buildings

Collapse of buildings meaning an abrupt falling down or caving in of a building or any part of a building with the result being that the building or part of a building cannot be occupied for its intended purpose.

- (1) This exclusion does not apply to collapse of buildings if caused only by one or more of the following:
- (a) A "specified cause of loss" or breakage of building glass;
- (b) Decay, insect or vermin damage that is hidden from view, unless the presence of such decay or insect or vermin damage is known to an insured prior to collapse;
- (c) Weight of people or personal property;
- (d) Weight of rain that collects on a roof; or
- (e) Use of defective material or methods in construction, remodeling or

renovation if the collapse occurs during the course of construction, remodeling or renovation; or

- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in Paragraphs (a) through (d) above.

In the event collapse results in a Covered Cause of Loss, we will only pay for the resulting loss or damage by that Covered Cause of Loss.

- (2) We will not pay for loss of or damage to the following types of property, if otherwise covered in this Coverage Form under Paragraphs (1)(b) through (1)(f) above, unless the loss or damage is a direct result of the collapse of a building:

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

- (3) A building or part of a building that:

- (a) Is in imminent danger of abruptly falling down or caving in; or
- (b) Suffers a substantial impairment of structural integrity;

is not considered to have collapsed but is considered to be in a state of imminent collapse.

- (4) With respect to buildings in a state of imminent collapse, we will not pay for loss or damage unless the state of imminent collapse first manifests itself during the policy period and is cause only by one or more of the following which occurs during the policy period:

- (a) A "specified cause of loss" or breakage of glass
- (b) Weight of people or personal property;
- (c) Weight of rain that collects on a roof; or
- (d) Use of defective material or methods in construction, remodeling or renovation if the state of imminent collapse occurs during the course of construction, remodeling or renovation.
- j. Malicious Code**
Any "malicious code."
- k. System Penetration**
Any "system penetration."
- l. Denial of Service**
Any "denial of service."
2. We will not pay for loss or damage caused by or resulting from any of the following:
- a. Electrical Apparatus**
Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.
But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by fire.
- b. Consequential Loss**
Delay, loss of use or loss of market.
- c. Smoke, Vapor, Gas**
Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. Other Types Of Loss**
- (1) Wear and tear;
 - (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) 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.
- (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.
 - (d) Changes in flavor, color, texture or finish;
 - (e) Evaporation or leakage; or
- (8) Contamination by other than "pollutants."
But if an excluded cause of loss that is listed in Paragraphs (1) through (8) above results in a "specified cause of loss," building glass breakage, or "breakdown" to "covered equipment" (only if otherwise a Covered Cause of Loss), we will pay for the loss or damage caused by that "specified cause of loss," building glass breakage or "breakdown" to "covered equipment" (only if otherwise a Covered Cause of Loss).
- e. Steam Apparatus**
Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Seepage**
Continuous or repeated seepage or leakage of water, or the presence of condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Frozen Plumbing**
Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
- (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.

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h. Dishonesty

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

- (1) Acting alone or in collusion with others;
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction to your property, or your "Electronic data processing equipment," "Electronic media and data," and "Electronic data," by your "employees" (including leased employees); but theft by employees (including leased employees) is not covered, except as provided in the Employee Dishonesty Additional Coverage.

i. False Pretense

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

j. Exposed property

Rain, snow, sand, dust, ice or sleet to personal property in the open, except as provided in the Coverage Extension for Outdoor Property.

k. Pollution

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"

l. Inventory Shortage, mysterious disappearance

Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This exclusion does not apply to "money" and "securities"

m. Inventory Computation

Loss of property or that part of any loss, the proof of which as to its existence or amount is dependent on:

- (1) Any inventory computation; or
- (2) A profit and loss computation.

n. Transfer of Property

The transfer of property to a person or to a place outside the described premises, on the basis of unauthorized instructions.

o. Accounting Errors

Loss of "money" or "securities" caused by or resulting from accounting or arithmetic errors or omissions.

p. Cost of Correction

The cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested, repaired, restored, retouched or otherwise being worked on.

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

a. Weather Conditions

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

b. Acts or Decisions

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

c. Negligent Work

Faulty, inadequate or defective:

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

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

If an excluded cause of loss that is listed in Paragraphs (1) through (4) above results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss. But we will not pay for:

- (1) Any cost of correcting or making good the fault, inadequacy or defect itself, including any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect; or
- (2) Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

4. Business Income and Extra Expense Exclusions

a. We will not pay for:

- (1) Any Extra Expense, or increase of Business Income loss, caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."

b. Any other consequential loss.

C. Limits of Insurance

- 1. Unless otherwise stated, the most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedules, Coverage Forms, or endorsements.
- 2. Inflation Guard
 - a. When a percentage for Inflation Guard is shown in the Declarations, the Limit of Insurance for property to which this coverage applies will automatically increase by that annual percentage.
 - 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, multiplied by
- (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 5% is .05), multiplied by
- (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 Building limit is	\$100,000
The annual percentage increase is	5%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is	
$\$100,000 \times .05 \times (146/365) =$	\$2,000

D. DEDUCTIBLES

- 1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Businessowners Property Coverage Deductible amount shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.
- 2. Regardless of the amount of the Businessowners Property Coverage Deductible, the most we will deduct from any loss or damage under the Building Glass Coverage Extension in any one occurrence is the Building Glass Deductible shown in the Declarations.
- 3. The Businessowners Property Coverage Deductible does not apply to any of the following if they are included as part of this policy:
 - a. Fire Department Service Charge
 - b. Business Income and Extra Expense
 - c. Arson and Theft Reward; and
 - d. Accounts Receivable;
 - e. Any other property coverage with a specific deductible amount shown in the coverage form or declaration.

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4. If more than one deductible applies to loss or damage in any one occurrence, we will apply each deductible separately. But the total of all deductible amounts applied in any one occurrence will not exceed the largest applicable deductible.

E. PROPERTY LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limits of Insurance. However, we will not pay for any loss or damage 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 an analysis, and permit us to make copies from your books and records.

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

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

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

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

4. Loss Payment – Building and Personal Property

- 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 **4.e.** below or any applicable provision which amends or supersedes the value of Covered Property.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to

enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in the Ordinance or Law Additional Coverage.

- c. We will give notice of our intentions within 30 days after we receive the proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We will determine the value of Covered Property as follows:

(1) At replacement cost (without deduction for depreciation), except as provided in (2) through (18) below.

(a) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(b) We will not pay on a replacement cost basis for any loss or damage:

(i) Until the lost or damaged property is actually repaired or replaced; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterment's, the following also applies:

a) If the conditions in (b)(i) and (b)(ii) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth under 4e.(7) below; and

b) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

c) We will not pay more for loss or damage on a replacement cost basis than the least of (i), (ii), or (iii) subject to (d) below:

(i) The Limit of Insurance applicable to the lost or damaged property;

(ii) 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

(iii) 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 (c)(ii) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

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

(2) If the Declarations indicate that Actual Cash Value applies to Buildings or Business Personal Property, paragraph (1) above does not apply to the property for which Actual Cash Value is indicated.

(3) Property of others at the amount you are liable plus the cost of labor, materials, or services furnished or arranged by you on personal property of others, not to exceed the replacement cost.

(4) The following property at actual cash value:

(a) Used or second-hand merchandise held in storage or for sale;

(b) Household furnishings;

(c) Personal effects.

(5) "Fine Arts" as follows:

(a) If there is a schedule of "fine arts" on file which includes a description and value of the lost or damaged item, we will pay the value as stated in the schedule for that item if there is a total loss to that item. If there is a partial loss to an item, we will pay the cost of reasonably restoring or repairing that item.

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- (b)** For "fine arts" without a schedule on file as described in paragraph (a) above, the value of "fine arts" will be the least of the following amounts:
- (i)** Market value of the lost or damaged item at the time and place of loss;
 - (ii)** The cost of reasonably restoring the lost or damaged item; or
 - (iii)** The cost of replacing that lost or damaged item with property substantially the same.
- (6)** Glass at the cost of replacement with safety glazing material if required by law.
- (7)** Tenants' Improvements and Betterments at:
- (a)** Replacement cost if you make repairs promptly.
 - (b)** A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (i)** Multiply the original cost by the number of days from the loss or damage to the expiration date of the lease; and
 - (ii)** Divide the amount determined in **(i)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (c)** Nothing, if others pay for repairs or replacement.
- (8)** "Valuable Papers and Records" at the cost of restoration or replacement. To the extent that the contents of the "valuable papers and records" are not restored or replaced, the "valuable papers and records" will be valued at the cost of replacement with blank material of substantially identical type.
- (9)** "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- (10)** Property in transit (other than "stock" you have sold) at the amount of invoice, including your prepaid or advanced freight charges and other charges which may have accrued or become legally due from you since the shipment. If you have no invoice, the actual cash value will apply.
- (11)** "Money" at its face value.
- (12)** "Securities" at their value at the close of business on the day the loss is discovered.
- (13)** Accounts Receivable as follows:
- (a)** If you cannot accurately establish the amount of Accounts Receivable outstanding as of the time of loss, we will:
 - (i)** 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
 - (ii)** Adjust that total for any normal fluctuations in the amount for Accounts Receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
 - (b)** If you can accurately establish the amount of Accounts Receivable outstanding, that amount will be used in the determination of loss.
 - (c)** The following will be deducted from the total amount of Accounts Receivable, however that amount is established:
 - (i)** The amount of the accounts for which there was no loss;
 - (ii)** The amount of the accounts that you are able to reestablish or collect;
 - (iii)** An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv)** All unearned interest and service charges.
- (14)** "Electronic Data Processing Equipment" at replacement cost as of the time and place of loss, without deduction for physical deterioration, depreciation, obsolescence or depletion. However, in the event of replacement of "electronic data processing equipment" with identical property is impossible, the replacement cost will be the cost of items that are

similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.

"Electronic data processing equipment" that is obsolete or no longer used by you will be valued at actual cash value.

(15) "Electronic Media and Data" at the cost of the same or similar blank media.

(16) "Electronic Data":

(a) For which duplicates or back-ups do not exist, will be valued at your cost to research, replace or restore the "electronic data," but only if the "electronic data" is actually replaced or restored.

(b) For which full duplicates or back-ups exist, will be valued at your cost of labor to copy the "electronic data" from such duplicates or back-ups, but only if the "electronic data" is actually copied.

(c) For which partial duplicates or back-ups exist, will be valued at your cost of labor to copy the partial "electronic data" from such duplicates or back-ups, and your cost to research, replace or restore the remaining "electronic data," but only if the "electronic data" is actually copied and replaced or restored.

(d) In the event that you are not able to copy "electronic data" from back-ups, or replace or restore, "electronic data" will be valued at your cost of labor up to the point in time that you reach that determination.

(17) The value of United States Government Internal Revenue taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale will not be considered in determining the value of Covered Property:

- (a)** Distilled spirits;
- (b)** Wines;
- (c)** Rectified products; or
- (d)** Beer.

(18) Lottery tickets at their initial cost to you except for winning tickets at their redeemed value.

f. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property, if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

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

h. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss provided you have complied with all of the terms of this policy; and

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

(2) An appraisal award has been made.

i. At our option, we may make a partial payment toward any claims, subject to the policy provisions and our normal adjustment process. To be considered for partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

j. Pair, Sets or Parts

1. Pair or Set. In case of "loss" to any part of a pair or set we may:

(a) Repair or replace any part to restore the pair or set to its value before the "loss"; or

(b) Pay the difference between the value of the pair or set before and after the "loss."

2. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

k. Commodity Stock

We will determine the value of merchandise and raw materials that are bought and sold at an established market exchange. We will determine the value at:

(1) The posted market price as of the time and place of loss;

(2) Less discounts and expenses you otherwise would have had.

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5. Loss Payment – Business Income and Extra Expense

a. If the Declarations indicate that Business Income and Extra Expense applies to Buildings or Business Personal Property, 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 occurred, but not including any likely increase in Net Income attributable to an increase in the volume of business as a result if favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

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

- (1) All reasonable and necessary expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration," once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- (2) All reasonable and necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. We will reduce the amount of your:

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

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

e. We will pay for covered loss or damage within 30 days after we receive your sworn proof of loss provided you have complied with all of the terms of this policy; and

- (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

6. Vacancy**a. Description of Terms**

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

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

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

- i. Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
- ii. Used by the building owner to conduct customary operations.

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

b. Vacancy Provisions

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
- (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;
 - (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft.

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

7. Recovered Property

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

8. Noncumulative Limit

No Limit of Insurance cumulates from policy period to policy period.

F. COMMERCIAL PROPERTY CONDITIONS**1. Concealment, Misrepresentation or Fraud**

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

- a. This policy;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this policy.

2. Control of Property

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

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

3. 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.

4. Legal Action Against Us

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

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

5. Liberalization

If, during your policy period, we adopt any revision that would broaden the coverage under this policy without additional premium the broadened coverage will immediately apply to this policy. The broadened coverage will also apply to the renewal of this policy if such renewal was in process, or was mailed prior to the date we adopted such revision.

6. No Benefit to Bailee

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

7. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Form. 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 Form bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If you have other insurance covering the same loss or damage, other than that described in Paragraph a. 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.

8. Policy Period, Coverage Territory

Under this Coverage Form:

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a. We cover loss or damage you sustain through acts committed or events occurring:

- (1) During the policy period shown in the Declarations; and
- (2) Within the coverage territory; and

b. The coverage territory is:

- (1) The United States of America (including its territories and possessions);
- (2) Puerto Rico; and
- (3) Canada

9. Transfer of Rights of Recovery Against Others To Us

Applicable to the Businessowners Property coverage:

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

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

This will not restrict your insurance.

10. 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 multiplied by 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 the covered loss, before the application of any deductible, by the figure determined in step (2) above; and

(4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less.

For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Under Insurance):

When:

The value of the property is	\$250,000
The coinsurance percent for it is	90%
The Limit of Insurance for it is	\$112,500
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 90\% = \$225,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$112,500 / \$225,000 = .50$

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

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

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

Example No. 2 (Adequate Insurance):

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	90%
The Limit of Insurance for it is	\$225,000
The Deductible is	\$250
The amount of loss is	\$40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$225,000 ($\$250,000 \times 90\%$).

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. Coinsurance does not apply to:
- (1) "Money" and "securities";
 - (2) Additional Coverages;
 - (3) Coverage Extensions; or
 - (4) Loss or damage in any one occurrence totaling less than \$2,500.

11. Mortgageholders

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

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

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

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

transferred to us and you will pay your remaining mortgage debt to us.

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

G. PROPERTY DEFINITIONS

1. **"Banking Premises"** means the interior of that portion of any building which is occupied by a banking institution or similar safe depository.
2. **"Breakdown"**
 - a. Means:
 - (1) Failure of pressure or vacuum equipment;
 - (2) Mechanical failure, including rupture or bursting caused by centrifugal force; or
 - (3) Electrical failure including arcing;

That causes physical damage to "covered equipment" and necessitates its repair or replacement; and
 - b. Does not mean:
 - (1) Malfunction, including but not limited to adjustment, alignment, calibration, cleaning or modification;
 - (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - (3) Damage to any vacuum tube, gas tube, or brush;
 - (4) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
 - (5) The functioning of any safety or protective device; or
 - (6) The cracking of any part on any internal combustion gas turbine exposed to the products of combustion.
3. **"Communication Supply Services"**

- a. Means property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

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- (1) Communication transmission lines, including fiber optic transmission lines;
 - (2) Coaxial cables; and
 - (3) Microwave radio relays, except satellites and;
- b. Does not mean overhead transmission lines.
- 4. "Covered Equipment"**
- a. Means the following types of equipment:
- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
 - (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;
 - (3) Refrigeration or Air Conditioning systems;
 - (4) Fiber optic cable; and
 - (5) Hoists and cranes;
- b. Does not mean any
- (1) "Electronic data processing equipment";
 - (2) "Electronic media and data" or "electronic data";
 - (3) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
 - (4) Insulating or refractory material;
 - (5) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair, or replace;
 - (6) Structure, foundation, cabinet or compartment supporting or containing the "covered equipment" or part of the "covered equipment" including pen-stock, draft tube or well casing;
 - (7) Vehicle, aircraft, self-propelled equipment or floating vessel, including any equipment mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel;
 - (8) Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment; or
 - (9) Equipment or any part of such equipment manufactured by you for sale.
- 5. "Diagnostic Equipment" means any:**
- a. Equipment; or
- b. Apparatus;
used solely for research, diagnostic, medical, surgical, therapeutic, dental or pathological purposes.
- 6. "Electronic Data"**
- a. Means information reduced to an electronic format for processing with and storage in "electronic data processing equipment," software and programming records and instructions used for "electronic data processing equipment."
- b. Any reference to your "electronic data" means "electronic data" owned or licensed by you and stored on your "electronic data processing equipment."
- c. Does not mean "valuable papers and records."
- 7. "Electronic Media and Data"**
- a. Means physical media on which "electronic data" is stored, and the "electronic data" stored thereon, including without limitation, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other repositories used with electronically controlled equipment.
- b. Any reference to your "electronic media and data" means "electronic media and data" owned by you and stored on your "electronic data processing equipment."
- c. "Electronic media and data" does not mean any "valuable papers & records."
- 8. "Electronic Data Processing Equipment"**
- a. Means any of the following equipment:
- (1) Computers, facsimile machines, word processors, multi-functional telephones and computer servers, and
 - (2) Any component parts and peripherals of such equipment, including related surge protection devices.
 - (3) Laptops and personal digital assistants.
 - (4) "Diagnostic Equipment"
- b. "Electronic data processing equipment" does not mean equipment used to operate production type of:
- (1) Machinery; or
 - (2) Equipment.
- c. Any reference to your "electronic data processing equipment" means "electronic data processing equipment" used in your

"operations" and controlled and operated by you, and includes any "electronic data processing equipment" controlled or operated by a third party on your behalf.

9. "Employee(s)" means:

- a. Any natural person:
 - (1) While in your service (and for 30 days after termination of service); and
 - (2) Whom you compensate directly by salary, wages or commissions; and
 - (3) Whom you have the right to direct and control while performing services for you.
- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the premises.
- c. Your directors or trustees while acting as a member of any of your elected or appointed committees to perform on your behalf specific, as distinguished from general, directorial acts.

But "employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character.

10. "Employee Dishonesty" means only dishonest acts, committed by an "employee," whether identified or not, acting alone or in collusion with other persons, except you, a partner, a "member" or a "manager," including the "theft" of Personal Property of Others in your care custody or control by an "employee," with the manifest intent to:

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

11. "Fine Arts"

- a. Means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glass, bric-a-brac, and similar property with historical value, or artistic merit; and

- b. Does not mean any glass that is a part of a building or structure.

12. "Flood" means a general and temporary condition of partial or complete inundation of normally dry land areas, whether caused by natural occurrences, acts or omissions of man or any other cause or combination of causes.

All flooding in a continuous or protracted event will constitute a single "flood."

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

14. "Interior of any building or structure" as used in this policy means all portions of the structure that are within the exterior skin of the structure's walls and roof, including, but not limited to lathe, sand paper, framing, wallboard and tarpaper.

15. "Maintenance Fees" means the regular payment made to you by unit-owners and used to service the common property.

16. "Manager" means a person serving in a directorial capacity for a limited liability company.

17. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager."

18. "Money" means currency and coins in current use, bank notes, travelers checks, register checks and money orders held for sale to the public.

19. "Operations" means the type of your business activities occurring at the described premises and tenantability of the described premises.

20. "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 any law that:

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- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (b) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

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

21. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, and any unhealthful or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.

22. "Power Generating Equipment"

- a. Means the following types of equipment or apparatus:
 - (1) Pressure;
 - (2) Mechanical; or
 - (3) Electrical;

Used in or associated with the generation of electrical power; and

- b. Does not mean such equipment that is used solely to generate emergency power that is less than or equal to 1000KW

23. "Power Supply Services"

- a. Means the following types of property supplying electricity, steam or gas to the described premises:
 - (1) Utility generating plants;
 - (2) Switching stations;
 - (3) Substations;
 - (4) Transformers; and
 - (5) Transmission Lines; and
- b. Does not mean overhead transmission lines.

24. "Production Equipment"

- a. Means any:
 - (1) Production machinery; or
 - (2) Process machinery that processes, shapes, forms or grinds:
 - i. Raw materials;
 - ii. Materials in process; or
 - iii. Finished products; and

- b. Includes "covered equipment" that is used solely with or forms an integral part of the:
 - (1) Production;
 - (2) Process; or
 - (3) Apparatus.

25. "Rental Value" means Business Income that consist 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 the fair rental value of any portion of the described premises which is occupied by you; and
- b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

26. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets except lottery tickets, revenue and other non-postage stamps whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue;

but does not include "money." Lottery tickets held for sale are not securities.

27. "Specified causes of loss" means the following:

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

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss of or damage to:

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

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam; 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 that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

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 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 ground surface.

- 28. "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.
- 29. "Suspension"** means:
 - a. The partial or complete cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable.

30. "Theft" means any act of stealing.

31. "Vacant" means the following

- 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 operation.
- 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:
 - (1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (2) Used by the building owner to conduct customary operations.

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

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

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

But "valuable papers and records" does not mean:

- a. "Money" or securities";
- b. "Electronic data";
- c. "Electronic media and data";

33. "Water Supply Services" means the following types of property supplying water to the described premises:

- a. Pumping stations; and
- b. Water mains.

H. MALICIOUS CODE, SYSTEM PENETRATION AND DENIAL OF SERVICE DEFINITIONS:

- 1. **"Denial of Service"** means any failure or inability of any person, user, customer, "electronic data processing equipment," computer system or computer network to communicate with, gain access to, or use, any "electronic data processing equipment," computer system, computer network, "electronic media and data" or "electronic data" because an excessive volume of data, requests or communications is sent to, received by or processed by such "electronic data processing equipment," computer system or computer network, and depletes the bandwidth, capacity or

computational resources thereof, including without limitation, any business interruption caused by the foregoing.

2. "Electronic Data Peril" means:

- a. Corruption, unauthorized use, distortion, deletion, damage, destruction or any other harm to, or misappropriation or copying of, "electronic data" or information;
- b. Interruption, delay, disruption, suspension, loss of functionality of, inaccessibility to, unauthorized access to or inability to use or communicate with, "electronic data processing equipment," "electronic media and data," "electronic data," computer resources, electronic devices, computer system, computer network or equipment; or
- c. Misappropriation, transfer or copying of any property, "money," "securities" or "stock," including without limitation, the use of any computer to cause such misappropriation, transfer or copying;

3. "Malicious Code" means any data, computer program, software, firmware or computer code designed to cause or result in, or that does cause or result in (whether designed to do so or not), any "electronic data peril," including without limitation, computer viruses, worms or Trojan horses.

4. "Mass Attack Malware" means any "malicious code":

- a. Capable of replicating or mutating;
- b. Propagating, spreading or moving to other "electronic data processing equipment," "electronic media and data," "electronic data," electronic devices, media, computer systems, equipment or computer networks, including without limitation, by attaching to applications, e-mails, e-mail attachments or otherwise;
- c. Designed to exploit a vulnerability that is common to or present on more than one "electronic data processing equipment," "electronic media and data," "electronic data," electronic devices, media, computer systems, equipment or computer networks; or
- d. That infects, is stored upon, exists within or resides on more than one "electronic data processing equipment," "electronic media and data," "electronic data," electronic device, media, computer system, equipment or computer network.

5. "Mass System Penetration" means any "system penetration" that:

- a. Exploits, or is designed to exploit, a vulnerability that is common to or present on more than one "electronic data processing equipment," "electronic media and data," "electronic data," electronic devices, media, computer systems, equipment or computer networks; or
- b. Targets or exploits more than one "electronic data processing equipment," "electronic media and data," "electronic data," electronic device, media, computer system, equipment or computer network.

6. "System Penetration" means any access to or use of any "electronic data processing equipment," "electronic media and data," "electronic data," electronic device, computer system, equipment or computer network intended to cause or result in, or that does cause or result in, any "electronic data peril," which is not directly or indirectly enabled by "malicious code" and which is achieved by a person without the use or assistance, directly or indirectly, of "malicious code."

7. "Targeted Hacker Attack" means the corruption, distortion, damaging, deletion or destruction of your "electronic data" resulting from "targeted system penetration" or "targeted malware."

8. "Targeted Malware" means any "malicious code" that:

- a. Is intended by a hacker to specifically infect, or be stored or reside on, only your "electronic data processing equipment";
- b. Is incapable of replicating, mutating, propagating, spreading or moving to other "electronic data processing equipment," "electronic media and data," "electronic data," electronic devices, media, computer systems or computer networks;
- c. Does not infect or reside on any other "electronic data processing equipment," "electronic media and data," "electronic data," computer system, electronic device, or computer network that is not yours; and
- d. Exploits a vulnerability that is unique to, and present on, only your "electronic data processing equipment," and such vulnerability is not common to or present on any other "electronic data processing equipment," computer, electronic device, medium, computer system, equipment or computer network.

9. **"Targeted System Penetration"** means "system penetration" that is designed to target and exploit, and that does target and exploit, a vulnerability that is unique to, and present on, only your "electronic data processing equipment," and such

vulnerability is not common to or present on any other "electronic data processing equipment," computer, electronic device, medium, computer system, equipment or computer network.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME AND EXTRA EXPENSE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A. Coverage.**

Business Income and Extra Expense

Business Income and Extra Expense is provided at the premises described in the Declarations when the Declarations show that you have coverage for Business Income and Extra Expense.

1. Business Income

a. Business Income means:

(1) Net Income (Net Profit or Loss before Income taxes) that would have been earned or incurred, including:

(a) "Rental Value"; and

(b) "Maintenance Fees," if you are a condominium association; and

(2) Continuing normal operating expenses incurred, including payroll, subject to 90 day limitation if indicated on the Declaration page.

b. We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

c. Your loss of Business Income is covered up to 30 consecutive days when caused as a direct result of damage, by a Covered Cause of Loss, to property adjacent to your premises.

d. With respect to the requirements set forth in Paragraph **b.** above, if you rent, lease or occupy only part of the site at which the described premises are located, the described premises means:

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

(2) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

e. Property in Transit

(1) We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur during the "period of restoration" due to direct physical loss of or damage to:

(a) Your business personal property; or

(b) Personal property of others in your care, custody or control;

while such property is in the due course of transit.

If caused by such loss or damage to property in the due course of transit, we will also pay for the actual loss of Business Income you sustain during the additional period of coverage provided under the Extended Business Income Additional Coverage.

(2) Insurance under this Additional Coverage applies only if the loss or damage to the property in transit is caused by a Covered Cause of Loss. Insurance under this Additional Coverage does not apply to any loss of Business Income or Extra Expense due to loss of or damage to:



- (a) Vehicles or self propelled machines (including motor vehicles, trailers, aircraft, watercraft and similar conveyances) unless such vehicles are themselves in the due course of transit in or on another transporting conveyance;
 - (b) Property while waterborne, except in regular ferry operations in the course being moved by other means of transportation;
 - (c) Property shipped by mail;
 - (d) Contraband, or property in the course of illegal transportation or trade;
 - (e) Import shipments that have not been unloaded from any importing aircraft or watercraft, or that are under the protection of marine insurance;
 - (f) Export shipments once loaded on board exporting aircraft or watercraft, or under the protection of marine insurance; or
 - (g) Properly sold by you under conditional sale, trust agreement, installment payment or other deferred payment plan, after delivery to customers.
- (3) The most we will pay for loss under this Additional Coverage is \$10,000 unless a different Limit of Insurance is shown in the Declarations for Property in Transit – Business Income and Extra Expense.

2. Extra Expense

- a. Extra Expense means reasonable and necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss of or damage to property caused by or resulting from a Covered Cause of Loss.
- b. We will pay Extra Expense (other than the expense to repair or replace property) to:
 - (1) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary locations; or
 - (2) Minimize the "suspension" of business if you cannot continue "operations."
- c. We will also pay Extra Expense (including Expediting Expenses) to repair or replace the property, but only to the extent it reduces the amount of loss that otherwise would have been payable under Paragraph 1. Business Income above.

3. Extended Business Income

If the necessary "suspension" of your "operations" produces a Business Income loss payable under Paragraph 1. Business Income above, we will also pay for the actual loss of Business Income you sustain during the period that:

- a. Begins on the date property is actually repaired, rebuilt or replaced and "operations are resumed; and
- b. Ends on the earlier of:
 - (1) 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 occurred; or
 - (2) Sixty consecutive days after the date determined in paragraph a. above.

However, this 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.

4. If the Declarations show for Business Income and Extra Expense:

- a. Actual loss sustained for 12 consecutive months, then we will pay for loss of Business Income and Extra Expense that occurs within 12 consecutive months following the date of direct physical loss or damage; or actual loss sustained for the number of months shown on the Declaration page; or
- b. Subject to a. above, if a maximum dollar limit is shown on the Declarations page, then we will pay actual loss sustained up to a maximum dollar limit, for the loss of Business Income and Extra Expense.





5. "Electronic Data Processing Equipment" and "Electronic Media and Data"
- a. "Electronic data processing equipment" and "electronic media and data" shall be considered covered property as referenced in this Coverage Part.
 - b. We shall not be liable for any payment for the Extra Expense you incur, and loss of Business Income you sustain, during the first 12 hours following the start of a necessary "suspension" of your "operations" during the "period of restoration" that is caused by direct physical loss of or damage to "electronic data processing equipment" or "electronic data and media" at the described premises; or at the premises of a 3rd party vendor who is managing or controlling your "electronic data processing equipment" on your behalf, provided, however, if the Business Income And Extra Expense – 72 Hour Deductible endorsement is part of this policy, the 72 hour deductible stated in that endorsement shall apply with respect to this sub-paragraph **5.b.** instead of the 12 hour deductible set forth above.

All other terms and conditions of the Policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEASONAL INCREASE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form:

Subject to the Exclusions, Conditions and Limitations of this policy, you may extend this insurance as indicated below.

Unless otherwise stated, payments made under the following coverage will not increase the applicable Limits of Insurance.

1. The Limit of Insurance for Business Personal Property shown in the Declarations will automatically increase by 25%, or the amount

shown in the Declarations to provide for seasonal variations.

2. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
 - a. The 12 months immediately preceding the date of the loss or damage occurs; or
 - b. The period of time you have been in business at the location where the loss or damage occurs, on the date the loss or damage occurs.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARSON & THEFT REWARD

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Section **A.5. Additional Coverages.**

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Arson and Theft Reward

1. We will pay for reasonable expenses you incur for rewards that lead to:

- a. An arson conviction in connection with a covered fire or explosion loss; or
 - b. A "theft" conviction in connection with a covered "theft" loss.
2. The most we will pay under this Additional Coverage in connection with a particular loss is \$5,000.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****CLAIM DATA EXPENSE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage under Section **A.5. Additional Coverages**:

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limit of Insurance.

Claim Data Expense

1. We will pay the reasonable and necessary expenses you incur in preparing claim data when we require such data or we request you prepare income statements to show the extent of covered loss or damage. This includes the cost of taking inventories, making appraisals, preparing income statements, and preparing other documentation.
2. Under this Additional Coverage, we will not pay for:
 - a. Any fees, costs or expenses incurred, directed or billed by or payable to:
 - (1) attorneys, public adjusters, loss adjusters, loss consultants or their associates or subsidiaries; or
 - (2) insurance brokers or agents, or their associates or subsidiaries, including related forensic accounting services, without our written consent prior to such expenses being incurred.
 - b. Any costs incurred in connection with Paragraph E.2. Appraisal.
3. The most we will pay for preparation of claim data under this Additional Coverage in any one occurrence is \$5,000 regardless of the number of premises involved.

All other terms and conditions of the Policy remain unchanged.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****DEBRIS REMOVAL**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages.**

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limit of Insurance.

Debris Removal

1. We will pay your expense to remove debris of Covered Property, other than outdoor trees, shrubs, plants and lawns as described in the Outdoor Trees, Shrubs, Plants and Lawns Coverage Extension, caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days of the date of direct physical loss or damage
2. Debris Removal does not apply to costs to:
 - a. Extract "pollutants" from land or water; or

- b. Remove, restore or replace polluted land or water.
3. Except as provided in Paragraph **4.** below, payment for Debris Removal is included within the applicable Limit of Insurance shown in the Declarations. The most we will pay under this Additional Coverage is 25% of:
 - a. The amount we pay for the direct physical loss or damage to Covered Property; plus
 - b. The deductible in this Coverage Form applicable to that loss or damage.
 4. When the debris removal expense exceeds the 25% limitation in Paragraph **3.** above or when the sum of the debris removal expense and the amount we pay for the direct physical loss of or damage to Covered Property exceeds the applicable Limit of Insurance, we will pay up to an additional \$25,000, or the limit shown in the Declarations, for debris removal expense in any one occurrence, at each described premises.

**EMPLOYEE DISHONESTY**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**:

Unless otherwise stated, payments under the following Additional Coverage are in addition to the applicable Limit of Insurance.

Employee Dishonesty

1. We will pay for loss of or damage to Business Personal Property resulting directly from "employee dishonesty."
We will pay for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
2. Paragraphs **A.2.m.**, **A.2.n.**, **A.2.p.**, **B.1.k.**, **B.2.h.**, **B.2.i.**, **B.2.n.** and **B.2.o.** do not apply to this Additional Coverage.
3. We will not pay for loss resulting from the dishonest acts of any "employee" if coverage for that "employee" was either cancelled or excluded from any previous insurance of yours providing "employee dishonesty" coverage.
4. This Additional Coverage is cancelled as to any "employee" immediately upon discovery by:
 - a. You; or
 - b. Any of your partners, "members," "managers," officers, directors or trustees not in collusion with the "employee,"
of any fraudulent dishonest act committed by that "employee" before or after being employed by you.
5. We will pay for covered loss or damage only if discovered no later than one year from the end of the Policy Period.
6. The most we will pay for loss under this Additional Coverage in any one occurrence is the limit shown on the Declarations regardless of the number of premises involved.
7. With respect to this Additional Coverage, occurrence means all loss or damage caused by or involving the same "employee(s)" whether the result of a single act or series of acts.
8. If, during the period of any prior "Employee Dishonesty" insurance, you (or any predecessor in interest) sustained loss or damage that you could have recovered under that insurance, except that the time within which to discover loss or damage has expired, we will pay for it under this Additional Coverage, subject to the following:
 - a. This insurance became effective at the time of cancellation or termination of the prior insurance; and
 - b. The loss or damage would have been covered by this insurance had it been in effect when the acts or events causing the loss or damage were committed or occurred.
9. The insurance provide under paragraph **8.** above is part of, not in addition to the Limit of Insurance described in Paragraph **6.** above and is limited to the lesser of the amount recoverable under:
 - a. This Additional Coverage, as of its effective date; or
 - b. The prior "Employee Dishonesty" insurance, had it remained in effect.
10. We will not pay for loss or damage under this endorsement until the amount of loss or damage in any one occurrence exceeds \$250. We will then pay the amount of loss or damage in excess of the \$250 up to the Limit of Insurance.

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11. Under **PROPERTY DEFINITIONS**, and only for the purpose of the coverage provided by this **Employee Dishonesty** Additional Coverage, the definition of "employee" is deleted and replaced by the following:

"Employee(s)" means:

- a. Any natural person:
 - (1) While in your service (and for 30 days after termination of service); and
 - (2) Whom you compensate directly by salary, wages or commissions; and
 - (3) Whom you have the right to direct and control while performing services for you.
- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having custody of property outside the premises.
- c. Any natural person, whether or not compensated, while performing services for you as a member or chairperson of any committee.
- d. Your natural person director or trustee while acting as a member of any of your elected or appointed committees to perform on your behalf specific, as distinguished from general, directorial acts.

But "employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character.

All other terms and conditions of the Policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXPEDITING EXPENSES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Expediting Expenses

1. In the event of direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss, we will pay for the reasonable and necessary additional expenses you incur to make temporary repairs, expedite permanent repairs, or expedite permanent

replacement, at the premises sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting expenses do not include expenses you incur for the temporary rental of property or temporary replacement of damaged property.

2. With respect to this Additional Coverages, "breakdown" to "covered equipment" will not be considered a Covered Cause of Loss, even if otherwise covered elsewhere in this Policy.
3. The most we will pay under this Additional Coverage in any one occurrence is \$25,000, regardless of the number of premises involved.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****FINE ARTS**

This endorsement modifies insurance provided under the following:

BUSINESS OWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Fine Arts

1. When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at any described premises, we will pay for direct physical loss of or damage to "fine arts" which are owned by:
 - a. You; or
 - b. Others and in your care, custody or control; caused by or resulting from a Covered Cause of Loss, including while on exhibit, or in transit, anywhere within the Coverage Territory.
2. The breakage limitation under Paragraph **A.4.b.(2)** does not apply to this Additional Coverage.
3. The following exclusions apply to this Additional Coverage:
 - a. We will not pay for loss or damage caused by or resulting from wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration, insects, birds, rodents or other animals;
 - b. We will not pay for loss or damage caused by or resulting from dampness or dryness of atmosphere, or changes in extremes of temperature;

- c. We will not pay for loss or damage cause by or resulting from any repairing, restoration or retouching process;
- d. We will not pay for loss or damage cause by or resulting from faulty packing;
- e. Paragraph **B.1.b.** Earth Movement;
- f. Paragraph **B.1.c.** Governmental Action;
- g. Paragraph **B.1.d.** Nuclear Hazard;
- h. Paragraph **B.1.f.** War and Military Action;
- i. Paragraph **B.1.g. (1), (2) and (4)** Water;
- j. Paragraph **B.1.h.** Neglect; and
- k. Paragraph **B.2.g.** Frozen Plumbing

No other exclusions in Paragraph **B.** Exclusions apply to this Additional Coverage. However, if any exclusions are added by endorsement to this policy, such exclusions will apply to this Additional Coverage.

4. The most we pay for loss or damage under this Additional Coverage in any one occurrence is \$25,000, or the amount shown in the Declarations for "fine arts," whichever is greater.
5. This Additional Coverage does not apply to property:
 - a. While in the custody of the United States Postal Service;
 - b. After delivery to customers.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FIRE DEPARTMENT SERVICE CHARGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages.**

Unless otherwise stated, payments made under this following Additional Coverage is in addition to the applicable Limit of Insurance.

When the fire department is called to save or protect Covered Property from a Covered Cause of loss, we will pay up to \$25,000 for your liability for fire department service charges:

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FIRE PROTECTIVE EQUIPMENT DISCHARGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the Applicable Limits of Insurance.

1. If fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay your cost to:
 - a. Refill or recharge the system with the extinguishing agents that were discharged; and
 - b. Replace or repair faulty valves or controls which caused the discharge.
2. The most we will pay under this Additional Coverage in any one occurrence is \$10,000, regardless of the number of premises involved.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****FORGERY AND ALTERATION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5.** Additional Coverages.

Unless otherwise stated, payment made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Forgery and Alteration

1. We will pay for loss resulting directly from "forgery" or alteration of, on, or in any check, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain money, made or drawn by or drawn upon you, or made or drawn by one acting as an agent or claiming to have been so made or drawn.

We will consider signatures that are produced or reproduced electronically, mechanically or by facsimile the same as handwritten signatures.

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

2. We will not pay for loss resulting from any dishonest or criminal acts committed by your or any of your partners, "employees," "members," "managers," officers, directors or trustees whether acting alone or in collusion with other persons.
3. We will pay for covered loss discovered no later than one year from the end of the Policy Period.
4. The most we will pay for loss under this Additional Coverage in any one occurrence is the limit shown on the Declarations regardless of the number of premises involved.
5. With respect to this Additional Coverage, occurrence means all loss caused by any person, or in which that person is concerned or implicated, either resulting from a single act or any number of such acts, whether the loss involves one or more instruments.

6. If, during the period of any prior Forgery or Alteration insurance, you (or any predecessor in interest) sustained loss or damage that you could have recovered under that insurance, except that the time within which to discover loss or damage has expired, we will pay for it under this Additional Coverage provided:
 - a. This insurance became effective at the time of cancellation or termination of the prior insurance; and
 - b. The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
7. The insurance provided under Paragraph 6. above is part of, and not in addition to the limit described in Paragraph 4. above and is limited to the lesser of the amount recoverable under:
 - a. This Additional Coverage up to the applicable Limit of Insurance under this Policy, as of its effective date; or
 - b. The prior Forgery or Alteration insurance, had it remained in effect.
8. If you are sued for refusing to pay any covered instrument described in Paragraph 1. above on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay any reasonable legal expenses that you incur and pay in that defense. The amount we pay for these legal expenses will be part of and not in addition to the limit described in Paragraph 4. above.
9. The following definition is added:

"Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity for any purpose.
10. Paragraphs **B.2.i.**, and **B.2.n.** do not apply to this Additional Coverage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Newly Acquired or Constructed Property

1. Buildings

- a. We will pay for direct physical loss of or damage to the following property caused by or resulting from a Covered Cause of Loss:
 - (1) Your:
 - (a) New buildings while being built on a premises shown in the Declarations;
 - (b) New buildings while being built on newly acquired premises; and
 - (i) intended for similar use as a building described in the Declarations; or
 - (ii) used as a warehouse
 - (c) Materials, equipment, supplies and temporary structures used in connection with such buildings while they are being built; or
 - (2) Buildings you acquire by purchase or lease at any premises, including those premises shown in the Declarations.
- b. The most we will pay for loss of or damage to newly constructed buildings or newly acquired buildings under this Additional Coverage in any one occurrence is \$1,000,000 at each premises.

2. Business Personal Property

- a. When a Limit of Insurance is shown in the Declarations for Business Personal Property at any described premises, we will pay for direct physical loss of or damage to the following property caused by or resulting from a Covered Cause of Loss:
 - (1) Business Personal Property, including such property that you newly acquire, at a building you acquire by purchase or lease at any premises, including those premises shown in the Declarations; and
 - (2) Business Personal Property that you newly acquire at a described premises.
- b. The most we will pay for loss of or damage to Business Personal Property under this Additional Coverage in any one occurrence is \$250,000 at each premises.

3. Period of Coverage

- a. With respect to insurance under this Additional Coverage, coverage will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 180 days expire after you acquire the property or begin to construct the property;
 - (3) You report values to us; or
 - (4) The property is more specifically insured.
- b. We will charge you additional premium for values reported to us from the date construction begins or you acquire the property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****ORDINANCE OR LAW**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Section **A.5. Additional Coverages.**

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

1. In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay for:
 - a. Loss in value of the undamaged portion of the building as a consequence of enforcement of the minimum requirements of any ordinance or law that requires the demolition of undamaged parts of the same building;
 - b. Demolition cost, meaning the cost to demolish and clear the site of undamaged parts of the same building as a consequence of enforcement of the minimum requirements of any ordinance or law that required demolition of such undamaged property; and
 - c. The increased cost of construction, meaning the increased cost to repair, rebuild or reconstruct the property as a consequence of enforcement of the minimum requirements of any ordinance or law. This increased cost of construction coverage applies only if:
 - (1) The building is insured for replacement cost;
 - (2) The building is repaired, rebuilt or reconstructed; and
 - (3) The repaired, rebuilt or reconstructed building is intended for similar occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.
2. The ordinance or law referred to in this Additional Coverage is an ordinance or law that:
 - a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - b. Is in force at the time of the loss.
3. We will not pay under this Additional Coverage for:
 - a. 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; or
 - b. Costs associated with the enforcement of any ordinance or law that requires any insured or other to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."
4. Paragraph **B.1.a.** does not apply to this Additional Coverage.
5. Subject to the limit described in Paragraph **6.** below:
 - a. The insurance provided under this Additional Coverage for loss in value to the undamaged portion of the building is limited as follows:
 - (1) If Replacement Cost Coverage applies and the building is repaired or replaced on the same or another premises, we will not pay more than the lesser of:
 - (a) The amount you actually spend to repair, rebuild or reconstruct the undamaged portion of the building; or
 - (b) The amount it would cost to restore the undamaged portion of the building on the same premises and to the same height, floor area, style and comparable quality of the original undamaged portion of the building; or
 - (2) If Replacement Cost Coverage applies and the building is not repaired or replaced, or if Replacement Cost Coverage does not apply, we will not pay more than the actual cash value of the undamaged portion of the building at the time of loss.
 - b. We will not pay more for demolition costs than the amount you actually spend to demolish and clear the site of the described premises.
 - c. The insurance provided under this Additional Coverage for increased cost of construction is limited as follows:
 - (1) If the building is repaired or replaced at the same premises, or if you elect to

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- rebuild at another premises, the most we will pay is the increased cost of construction at the same premises; or
- (2) If the ordinance or law requires relocation to another premises, the most we will pay is the increased cost of construction at the new premises.
6. The most we will pay for loss under this Additional Coverage for the total of all coverages described in:
- a. Paragraph **1.a.** above in any one occurrence is the Building Limit at each described premises shown in the Declarations, if this coverage has been selected and is indicated on the Declarations.
 - b. Paragraph **1.b. and 1.c.** above in any one occurrence is \$25,000 or the limit shown in the Declarations, whichever is greater at each described premises.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OUTDOOR TREES, SHRUBS, PLANTS AND LAWNS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Section **A.5.** Additional Coverages.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Outdoor Trees, Shrubs, Plants and Lawns

- 1. We will pay for direct physical loss of or damage to outdoor trees, shrubs, plants (other than "stock"

of trees, shrubs or plants) and lawns located at the described premises caused by or resulting from a Covered Cause of Loss.

- 2. The most we will pay for loss or damage under this Additional Coverage in any one occurrence is \$3,000 at each described premises.
- 3. Debris removal, because of covered loss or damage to outdoor trees, shrubs, plants and lawns, is included within the limits described in Paragraph 2. above.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****POLLUTANT CLEAN UP AND REMOVAL**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Pollutant Clean Up and Removal

1. We will pay your necessary and reasonable 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 "specified causes of loss" that occurs:
 - a. On the described premises;
 - b. To Covered Property; and
 - c. During the policy period.
2. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the "specified cause of loss" occurs.
3. 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.
4. The most we will pay under this Additional Coverage is \$25,000 for the sum of all covered expenses arising out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this policy. This amount applies regardless of the number of premises involved.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****PRESERVATION OF PROPERTY**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5.** Additional Coverages.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Preservation of Property

1. 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:
 - a. Any direct physical loss or damage to this property:
 - (1) While it is being moved; or
 - (2) Temporarily stored at another location only if the loss or damage occurs within 90 days after the property is first moved; and
 - b. The costs incurred to:
 - (1) Remove such property from the described premises; and
 - (2) Return such property to the described premises.
2. Coverage under this Additional Coverage will end when any of the following first occurs:
 - a. When the policy is amended to provide insurance at the new location;
 - b. The property is returned to the original described premises;
 - c. 90 days expire after the property is first moved; or
 - d. This policy expires.
3. Payments under this Additional Coverage are subject to and not in addition to the applicable Limit of Insurance.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEMPORARY RELOCATION OF PROPERTY

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Temporary Relocation of Property

1. If Covered Property is removed from the described premises and stored temporarily at a location you own, lease or operate while the described

premises is being renovated or remodeled, we will pay for loss or damage to that stored property:

- a. Caused by or resulting from a Covered Cause of Loss;
 - b. Up to \$50,000 at each temporary location; and
 - c. During the storage period of up to 90 consecutive days but not beyond expiration of this policy.
2. This Additional Coverage does not apply if the stored property is more specifically insured.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****WATER DAMAGE, OTHER LIQUIDS, SOLDER OR MOLTEN MATERIAL DAMAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

Water Damage, Other Liquids, Solder or Molten Material Damage

1. If loss or damage caused by or resulting from covered water or other liquid, solder 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.

2. We will not pay the cost to repair any defect to a system or appliance from which the water, other liquid, solder 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.
3. Payments made under this Additional Coverage are subject to and not in addition to the applicable Limit of Insurance.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****ACCOUNTS RECEIVABLE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6**. Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Accounts Receivable

1. When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises, you may extend that insurance to apply to loss, as described in Paragraph **2.** below, due to direct physical loss of or damage to your records of accounts receivable (including those on electronic data processing media) caused by or resulting from a Covered Cause of Loss. Credit card company media will be considered accounts receivable until delivered to the credit card company.
2. We will pay for:
 - a. All amounts due from your customers that you were 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 or damage; and
 - d. Other reasonable expenses that you incur to re-establish your records of accounts receivable.
3. The following exclusions apply to this Coverage Extension:
 - a. We will not pay for loss caused by or resulting from bookkeeping, accounting or billing errors or omissions;
 - b. We will not pay for loss that requires an audit of records or any inventory computation to prove its factual existence;
 - c. We will not pay for loss caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. But this exclusion applies only to the extent of wrongful giving, taking or withholding;
 - d. Paragraph **B.1.b.** Earth Movement;
 - e. Paragraph **B.1.c.** Governmental Action;
 - f. Paragraph **B.1.d.** Nuclear Hazard;
 - g. Paragraph **B.1.f.** War and Military Action;
 - h. Paragraph **B.1.g. (1), (2), and (4)** Water;
 - i. Paragraph **B.1.h.** Neglect; and
 - j. Paragraph **B.2.i.** False Pretense;
4. The most we will pay under this Coverage Extension for loss of or damage to records of accounts receivable in any one occurrence while in transit or at a premises other than the described premises is \$25,000.
5. The most we will pay under this Coverage Extension for loss of or damage to records of accounts receivable in any one occurrence at each described premises is \$25,000 or the amount shown in the Declarations for Accounts Receivable, whichever is greater.
6. Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

No other exclusions in Paragraph **B.** Exclusions apply to this Coverage Extension. However, if any exclusions are added by endorsement to this Policy, such exclusions will apply to this Coverage Extension.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

APPURTENANT BUILDINGS AND STRUCTURES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6. Coverage Extensions**.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Appurtenant Buildings and Structures

1. When a Limit of Insurance is shown in the Declarations for Building at the described premises, you may extend that insurance to apply to direct physical loss of or damage to incidental appurtenant buildings or structures, within 1,000 feet of that described premises, caused by or resulting from a Covered Cause of Loss.
2. When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to Business Personal Property within incidental appurtenant buildings or structures within 1,000 feet of that

described premises, caused by or resulting from a Covered Cause of Loss.

3. Incidental appurtenant buildings or structures include:
 - a. Storage buildings;
 - b. Carports;
 - c. Garages;
 - d. Pump houses; or
 - e. Above ground tanks;

Which have not been specifically described in the Declarations.

4. The most we will pay for loss or damage under this Coverage Extension in any one occurrence for any combination of loss of or damage to Building and Business Personal Property is \$50,000, regardless of the number of described premises involved.
5. Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****BUILDING GLASS**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6. Coverage Extensions**.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Building Glass**1. If:**

- a.** You are the building owner; and
- b.** A Limit of Insurance is shown in the Declarations for Building at the described premises;

you may extend that insurance to apply to direct physical loss of or damage to all exterior and interior building glass caused by or resulting from a Covered Cause of Loss, including glass breakage and damage to glass by chemicals accidentally or maliciously applied to glass. If a specific deductible has been selected for building glass as shown on the Declarations we will apply that deductible to any covered loss. If no deductible is selected for building glass, the policy deductible will be applied to covered building glass losses.

2. If:

- a.** You are a tenant;
- b.** A Limit of Insurance shown in the Declarations for Building or Business Personal Property at the described premises; and
- c.** You are contractually obligated to repair or replace building glass at the described premises;

you may extend that insurance to apply to direct physical loss of or damage to all exterior and interior building glass caused by or resulting from a Covered Cause of Loss, including glass

breakage and damage to glass by chemicals accidentally or maliciously applied to glass. If a specific deductible has been selected for building glass as shown on the Declarations we will apply that deductible to any covered loss. If no deductible is selected for building glass, the policy deductible will be applied to covered building glass losses.

- 3.** We will also pay for necessary expenses in connection with loss or damage covered in Paragraphs **1.** or **2.** above, incurred by you to:

- a.** Put up temporary plates or board up openings;
- b.** Repair or replace encasing frames; and
- c.** Remove or replace obstructions.

- 4.** The following exclusions apply to this Coverage Extension:

- a.** We will not pay for loss or damage caused by or resulting from:

- (1)** Wear and tear;
- (2)** Hidden or latent defect;
- (3)** Corrosion; or
- (4)** Rust;

- b.** Paragraph **B.1.b.** Earth Movement;
- c.** Paragraph **B.1.c.** Governmental Action;
- d.** Paragraph **B.1.d.** Nuclear Hazard;
- e.** Paragraph **B.1.f.** War and Military Action; and
- f.** Paragraph **B.1.g.** Water.

No other exclusions in Paragraph **B.** Exclusions apply to this Coverage Extension. However, if any exclusions are added by endorsement to this Policy, such exclusions will apply to this Coverage Extension.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS PERSONAL PROPERTY OFF PREMISES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Business Personal Property Off Premises

1. When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to such property caused by or resulting from a Covered Cause of Loss while:
 - a. In the course of transit, more than 1,000 feet from the described premises;
 - b. Temporarily away from the described premises and:
 - (1) At a premises you do not own, lease or operate; or
 - (2) At any fair, trade show or exhibition at a premises you do not own or regularly occupy.
2. This Coverage Extension does not apply to property:
 - a. While in the custody of the United States Postal Service;
 - b. Rented or leased to others;
 - c. After delivery to customers;
 - d. Temporarily at a premises for more than 60 consecutive days, except "money" and "securities" at a "banking premises";
 - e. Otherwise covered under the Fine Arts Additional Coverage; or
 - f. Otherwise covered under the following Coverage Extensions:
 - (1) Accounts Receivable;
 - (2) Electronic Data Processing;
 - (3) Personal Effects; or
 - (4) Valuable Papers and Records.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****CIVIL AUTHORITY**

This endorsement modifies insurance provided under the following:

BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Civil Authority

1. When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur caused by action of civil authority that

prohibits access to the described premises. The civil authority action must be due to direct physical loss of or damage to property at locations, other than described premises, caused by or resulting from a Covered Cause of Loss.

2. The coverage for Business Income will begin 24 hours after the time of that action and will apply for a period of four consecutive weeks after coverage begins.
3. The coverage for Extra Expense will begin immediately after the time of that action and will end when your Business Income coverages ends for this Coverage Extension.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ELECTRONIC DATA PROCESSING EQUIPMENT AND ELECTRONIC
MEDIA AND DATA
(EDP COVERAGE FORM)**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extension:

Electronic Data Processing

1. When a Limit of Insurance is shown in the Declarations for Electronic Data Processing at the described premises, that insurance applies to:
 - a. Direct physical loss of or damage to your "electronic data processing equipment" caused by or resulting from a Covered Cause of Loss; and
 - b. Direct physical loss of or damage to your "electronic media and data" caused by or resulting from a Covered Cause of Loss.
2. Worldwide coverage is provided under this Coverage Extension. The coverage territory as described in Paragraph **F.8.b** does not apply to this Coverage Extension.
3. This Coverage Extension does not apply to:
 - a. "Stock"; or
 - b. Property that is leased or rented to others.
4. The following exclusions as described in Section **B.**, Exclusions, of the Businessowners Special Property Coverage Form do not apply to the Insuring Agreement set forth in Paragraph **1.a.** or **1.b.** of this Coverage Extension:
 - a. Paragraph **1.e.**; and
 - b. Paragraph **1.g.(3)**; and
 - c. Paragraph **2.a.**

The following exclusion as described in Section **B.**, Exclusions, of the Businessowners Special Property Coverage Form does not apply to the Insuring Agreement set forth in Paragraph **1.a.** of this Coverage Extension: **Paragraph 2.d.(6).**

5. The following additional exclusions apply:

With respect to this Coverage Extension, 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. Programming errors or omissions, or incorrect instructions to a machine, including without limitation, incorrect instructions to "electronic data processing equipment" from a user incorrectly operating with, or committing an error using an input device (including, without limitation, a keyboard, mouse or touchpad) and corrupting, distorting, deleting, damaging or destroying "electronic data"; provided, however, that this exclusion shall not apply to an otherwise covered mechanical breakdown of "electronic data processing equipment" under the Insuring Agreement set forth in Paragraph **1.a.** of this Coverage Extension.
- b. Unauthorized viewing, copying or use of "Electronic Media and Data" or "Electronic Data" (or any proprietary or confidential information or intellectual property) by any person, even if such activity is characterized as "theft."
- c. Errors or deficiency in design, installation, maintenance, repair or modification of your "electronic data processing equipment," "electronic media and data" or "electronic data" or any "electronic data processing equipment," electronic devices, computer system or network to which your "electronic data processing equipment" "electronic media and data" or "electronic data" is connected or dependent; provided, however, that this exclusion shall not apply to an otherwise covered mechanical breakdown of "electronic data processing equipment" under the Insuring Agreement set forth in Paragraph **1.a.** of this Coverage Extension.

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- d. Unexplained or indeterminable failure, malfunction or slowdown of a "electronic data processing equipment" "electronic media and data" or "electronic data."
6. The most we will pay under this Coverage Extension for all direct physical loss of or damage to "electronic data processing equipment" and "electronic media and data" (combined) in any one occurrence while in transit or at a premises other than the described premises is \$25,000, or the limit shown in the Declarations.
7. The most we will pay under this Coverage Extension for loss of or damage to "Electronic Media and Data" while stored at a separate premises from where your original "Electronic Media and Data" are kept, in any one occurrence, is \$25,000.
8. The most we will pay under this Coverage Extension for all direct physical loss or damage to "electronic data processing equipment" and "electronic media and data" (combined) you acquire after the inception date of the policy in any one occurrence is \$25,000.
- equipment" or "electronic media and data," coverage will end on the date and time that any of the following first occurs:
- a. This policy expires;
 - b. 180 days after you acquire the "electronic data processing equipment" or "electronic media and data"; or
 - c. You report values to us.
9. The most we will pay under this Coverage Extension for all direct physical loss of or damage to "electronic data processing equipment" and "electronic media and data" (combined) at the described premises in any one occurrence is the Limit of Insurance shown in the Declarations or \$50,000, whichever is greater.
10. A separate Blanket Limit of Insurance applies to "electronic data processing equipment" and "electronic media and data" at all scheduled premises, if indicated in the declarations as Blanket Electronic Data Processing
11. Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

Provided, however, with respect to insurance coverage under this Coverage Extension on any such newly acquired "electronic data processing



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension are subject to and not in addition to the applicable Limits of Insurance.

Equipment Breakdown

1. When a Limit of Insurance is shown in the Declarations for Equipment Breakdown, at the described premises, the limit applies to direct physical loss of or damage to Covered Property at the described premises caused by or resulting from a "breakdown" to "covered equipment."

For the purposes of this coverage form, "covered equipment" includes, but is not limited to, the following:

- a. "Diagnostic Equipment";
- b. "Power Generating Equipment";
- c. "Production Equipment."

With respect to otherwise covered Business Income and Extra Expense, "breakdown" to "covered equipment" will be considered a Covered Cause of Loss.

If an initial "breakdown" causes other "breakdowns," all will be considered one "breakdown." All "breakdowns" that manifest themselves at the same time and are the result of the same cause will also be considered one "breakdown."

2. Under this Coverage Extension, the following coverages also apply:

- a. Expediting Expenses

- (1) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a "breakdown" to "covered equipment," we will pay for the reasonable additional expenses you necessarily incur to make temporary repairs to, or expedite the permanent repair or replacement of, the lost or damaged Covered Property.
- (2) Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.
- (3) The most we will pay under this Coverage Extension for all Expediting Expenses arising out of any one "breakdown" is \$25,000. This limit is part of and not in addition to the Limit of Insurance that applies to lost or damage Covered Property.

- b. "Pollutants"

- (1) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a "breakdown" to "covered equipment," we will pay for the additional cost to repair or replace Covered Property because of contamination by "pollutants." This includes the additional expenses to clean up or dispose of such property. Additional costs mean those beyond what would have been required had no "pollutants" been involved.
- (2) The most we will pay under this Coverage Extension for loss or damage to Covered Property caused by contamination by "pollutants" arising out of any one "breakdown" is \$25,000. This limit is subject to and not in addition to the Limit of Insurance that applies to lost or damaged Covered Property.

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c. Service Interruption

When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to loss caused by or resulting from a "breakdown" to equipment that is owned, operated or controlled by a local public or private utility or distributor that directly generates, transmits, distributes or provides the following utility services:

- (1) "Water Supply Services";
- (2) "Communication Supply Services"; or
- (3) "Power Supply Services."

d. Data Restoration

We will pay for your cost to research, replace and restore "electronic data" and "electronic media and data" that is lost as a result due to a "breakdown" to "Covered Equipment." The most we will pay for loss or expenses under this coverage is \$100,000 or the limit shown in the Declarations for Equipment Breakdown Coverage at the described premises, whichever is less.

The limit provided for the Data Restoration Coverage is a part of, and does not increase the Limit of Insurance for Equipment Breakdown Coverage.

- 3. We will not pay under this Coverage Extension for loss or damage caused by or resulting from any of the following tests:
 - a. A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
 - b. An insulation breakdown test of any type of electrical equipment.
- 4. We will not pay under this Coverage Extension for loss or damage caused by or resulting from a change in:
 - a. Temperature; or
 - b. Humidity;
 as a consequence of "breakdown" to "covered equipment."
- 5. The following limitations in Paragraph A.4. do not apply to this Coverage Extension:
 - a. Paragraph a.(2); and
 - b. Paragraph a.(3).
- 6. The following exclusions in Paragraph B. Exclusions do not apply to this Coverage Extension:
 - a. Paragraph 2.a.;
 - b. Paragraph 2.d.(6); and
 - c. Paragraph 2.e.

- 7. With respect to this Coverage Extension, the following condition is added to Paragraph F. Commercial Property Conditions:

Suspension

If any "covered equipment" is found to be in or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance provided by this Coverage Form for loss or damage caused by or resulting from a "breakdown" to that "covered equipment." This can be done by delivering or mailing a notice of suspension to:

- a. Your last known address; or
- b. The address where the "covered equipment" is located.

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

8. The following Loss Payment Condition is added under **E.4.e. Loss Payment Building and Personal Property** of the Businessowners Special Property Coverage Form:

(19) "Covered Equipment" as follows:

If Equipment Breakdown Property requires replacement due to an Equipment Breakdown, we will pay your additional cost to replace it with equipment that is better for the environment, safer or more efficient than the equipment being replaced. However, we will not pay more than 125% of what the cost would have been to repair or replace with property of comparable material and quality. This coverage does not increase any of the applicable limits. This coverage does not apply to any property indicated as being valued on an Actual Cash Value basis.

If you wish to retrofit air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances to accept a non-CFC refrigerant, we will consider this better for the environment. Any associated Business Income or Extra Expense will be included, in determining the additional cost, if Business Income and Extra Expense apply to this policy.

All other terms and conditions of the Policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.**
Coverage Extensions:

Unless otherwise stated, payments made under this Coverage Extension are subject to and not in addition to the applicable Limits of Insurance.

When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to loss due to the good faith acceptance of:

1. Any U.S. or Canadian post office or express money order, issued or claiming to have been issued by any post office or express company, if the money order is not paid upon presentation; or
2. Counterfeit United States or Canadian paper currency.

in exchange for merchandise, "money" or services or as part of a normal business transaction.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-OWNED DETACHED TRAILERS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

1. When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises you may extend the insurance that applies to your Business Personal Property to apply to loss or damage to trailers or semi-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 Coverage Extension in any one occurrence is \$5,000 regardless of the number of described premises, trailers or semi-trailers involved.
4. This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM
BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Ordinance or Law – Increased Period of Restoration

1. When:

- a.** A Covered Cause of Loss occurs to property at the described premises; and
- b.** The Declarations shown that you have coverage for Business Income and Extra Expense;

you may extend that insurance to apply to the amount of actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

- (1)** Regulates the construction, repair or replacement of any property;
- (2)** Requires the tearing down or replacement of any parts of property not damaged by a Covered Cause of Loss; and
- (3)** Is in force at the time of loss.

- 2.** This Coverage Extension applies only to the period that would be required, with reasonable speed, to reconstruct, repair or replace the property to comply with the minimum requirements of the ordinance or law.
- 3.** This Coverage Extension does not apply to:
 - a.** Loss due to an ordinance or law that:
 - (1)** You were required to comply with before the loss, even if the property was undamaged; and
 - (2)** You failed to comply with; or
 - b.** Costs associated with the enforcement of any ordinance or law that 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."
- 4.** Paragraph **B.1.a.**, does not apply to this Coverage Extension.
- 5.** The most we will pay for loss under this Coverage Extension in any one occurrence is \$25,000 at each described premises.
- 6.** Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****OUTDOOR PROPERTY**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Outdoor Property

1. When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises, you may extend that insurance to apply to direct physical

loss of or damage to the following types of outdoor property at that described premises caused by or resulting from a Covered Cause of Loss:

- a. Radio or television antennas (including microwave or satellite dishes) and their lead in wiring, masts or towers; or
 - b. Bridges, walks, roadways, patios and other paved surfaces.
2. The most we will pay for loss or damage under this Coverage Extension in any one occurrence is \$10,000 at each described premises.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****PERSONAL EFFECTS**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Personal Effects

1. When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to personal effects owned by:
 - a. You; or

- b. Your officers, partners, "members", "managers", "employees", directors or trustees;

caused by or resulting from a Covered Cause of Loss.

2. Such property must be located at a described premises.
3. The most we will pay for loss or damage under this Coverage Extension in any one occurrence is \$25,000 at each described premises.
4. Payments under this Coverage Extension are in addition to the applicable Limits of Insurance.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SIGNS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Subject to the Exclusions, Conditions and Limitations of this policy, you may extend this insurance as indicated below.

Unless otherwise stated, payments made under the following coverage will not increase the applicable Limits of Insurance.

Your Building or Business Personal Property insurance is extended to cover outdoor signs attached to the building or on or within 1,000 feet of the described premises.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****SPOILAGE – CONSEQUENTIAL LOSS**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6. Coverage Extensions**.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Spoilage – Consequential Loss

1. When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to consequential loss to your Business Personal Property caused by a change in:

- a. Temperature; or
- b. Humidity;

caused by or resulting from a Covered Cause of loss to any of the following types of equipment

situated within the building at the described premises:

- a. Refrigerating;
 - b. Cooling;
 - c. Humidifying;
 - d. Air conditioning;
 - e. Heating;
 - f. Generating or converting power; or
 - g. Connections, supply or transmission lines and pipes associated with the above equipment.
2. With respect to this Coverage Extension, "breakdown" to "covered equipment" will not be considered a Covered Cause of Loss, even if otherwise covered elsewhere in this Policy.
 3. Paragraphs **B.2.d.(7)(a)** and **B.2.d.(7)(b)** do not apply to this Coverage Extension.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****THEFT DAMAGE TO RENTED PROPERTY**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Theft Damage to Rented Property

1. When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to the following caused by or resulting by "theft" or attempted "theft":
 - a. That part of a building you occupy, but do not own, which contains Covered Property; and
 - b. Property within such non-owned building used for maintenance or service of such non-owned building.
2. We will not pay under this Coverage Extension for loss or damage:
 - a. Caused by or resulting from fire or explosion; or
 - b. To glass (other than glass building blocks) or to any lettering, ornamentation or burglar alarm tape on glass.
3. This Coverage Extension applies only if you are a tenant and you are contractually obligated to insure this exposure.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****VALUABLE PAPERS AND RECORDS**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6**. Coverage Extensions.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Valuable Papers and Records

1. When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises, you may extend that insurance to apply to loss, as described in Paragraph **2.** below, due to direct physical loss of or damage to "valuable papers and records" that:

- a. You own; or
- b. Are owned by others, but in your care, custody or control;

caused by or resulting from a Covered Cause of loss.

2. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.
3. The following exclusions apply to this Coverage Extension:
 - a. We will not pay for any loss or damage to "valuable papers and records" caused by or resulting from any errors or omissions in processing or copying. But if errors or omissions in processing or copying results in fire or explosion, we will pay for the resulting loss or damage caused by that fire or explosion.

- b. Paragraph **B.1.b.** Earth Movement;
- c. Paragraph **B.1.c.** Governmental Action;
- d. Paragraph **B.1.d.** Nuclear Hazard;
- e. Paragraph **B.1.f.** War and Military Action;
- f. Paragraph **B.1.g. (1), (2) and (4)** Water;
- g. Paragraph **B.1.h.** Neglect;
- h. Paragraph **B.2.g.** Frozen plumbing.

No other exclusions in Paragraph **B.** Exclusions apply to this Coverage Extension. However, if any exclusions are added by endorsement to this Coverage Form, such exclusions will apply to this Coverage Extension.

4. The most we will pay under this Coverage Extension for loss of or damage to "valuable papers and records" in any one occurrence while in transit or at a premises other than the described premises is \$25,000.
5. The most we will pay under this Coverage Extension for loss of or damage to "valuable papers and records" in any one occurrence at each described premises is \$25,000 or the amount shown in the Declarations for Valuable Papers and Records, whichever is greater.
6. Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEWER OR DRAIN BACK UP

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM
CONCURRENT CAUSATION, EARTH MOVEMENT & WATER EXCLUSION CHANGES

The following coverage is added to your Businessowners Special Property Coverage Form:

Unless otherwise stated, payments made under the following coverage will not increase the applicable Limits of Insurance.

Subject to the Exclusions, Conditions and Limitations of this policy, you may extend this insurance as indicated below.

1. We will pay for loss or damage to covered property caused by water that backs up or overflows from a sewer, drain, sump, or from water that overflows due to the failure of a sump pump, sump pump well, or any other type of system designed to remove subsurface water from the foundation area, subject to the following limitations:
 - a. We will not pay for loss or damage under this Additional Coverage caused by the emanation of water from a sewer or drain, sump, sump pump, sump pump well, or any other type of system designed to remove subsurface water from the foundation area, that itself caused by, or is the result of:
 - (i) "Flood," surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
 - (ii) Mudslide or mudflow.
2. With respect to otherwise covered Business Income and Extra Expense, loss or damage to covered property caused by water that backs up or overflows from a sewer, drain, sump, or from water that overflows due to the failure of a sump pump, sump pump well, or any other type of system designed to remove subsurface water from the foundation area, will be considered a Covered Cause of Loss.
3. Exclusion **B.1.g. (3)** of the Businessowners Special Property Coverage Form does not apply to this Additional Coverage.

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**BLANKET ADDITIONAL INSURED
AND
LIABILITY EXTENSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM
BUSINESSOWNERS COMMON POLICY CONDITIONS

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I. BLANKET ADDITIONAL INSURED PROVISIONS

A. ADDITIONAL INSURED – BLANKET VENDORS

Who Is An Insured is amended to include as an additional insured any person or organization (referred to below as vendor) with whom you agreed under a "written contract" to provide insurance, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

1. The insurance afforded the vendor does not apply to:
 - a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - b. Any express warranty unauthorized by you;
 - c. Any physical or chemical change in the product made intentionally by the vendor;
 - d. Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;



- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
 - g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
 - h. "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
 - (1) The exceptions contained in Subparagraphs **d.** or **f.**; or
 - (2) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
 3. This provision **2.** does not apply to any vendor included as an insured by an endorsement issued by us and made a part of this Policy.
 4. This provision **2.** does not apply if "bodily injury" or "property damage" included within the "products-completed operations hazard" is excluded either by the provisions of the Policy or by endorsement.

B. MISCELLANEOUS ADDITIONAL INSUREDS

1. **Who Is An Insured** is amended to include as an insured any person or organization (called additional insured) described in paragraphs **3.a.** through **3.j.** below whom you are required to add as an additional insured on this policy under a "written contract.":
2. However, subject always to the terms and conditions of this policy, including the limits of insurance, we will not provide the additional insured with:
 - a. A higher limit of insurance than required by such "written contract";
 - b. Coverage broader than required by such "written contract" and in no event greater than that described by the applicable paragraph a. through k. below; or
 - c. Coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard." But this paragraph **c.** does not apply to the extent coverage for such liability is provided by paragraph **3.j.** below.

Any coverage granted by this endorsement shall apply only to the extent permitted by law.

3. Only the following persons or organizations can qualify as additional insureds under this endorsement:

a. Controlling Interest

Any persons or organizations with a controlling interest in you but only with respect to their liability arising out of:

- (1) such person or organization's financial control of you; or
- (2) Premises such person or organization owns, maintains or controls while you lease or occupy these premises;

provided that the coverage granted to such additional insureds does not apply to structural alterations, new construction or demolition operations performed by or for such additional insured.

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b. Co-owner of Insured Premises

A co-owner of a premises co-owned by you and covered under this insurance but only with respect to the co-owners liability for "bodily injury", "property damage" or "personal and advertising injury" as co-owner of such premises.

c. Grantor of Franchise

Any person or organization that has granted a franchise to you, but only with respect to such person or organization's liability for "bodily injury", "property damage", or "personal and advertising injury" as grantor of a franchise to you.

d. Lessor of Equipment

Any person or organization from whom you lease equipment, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused in whole or in part by your maintenance, operation or use of such equipment, provided that the "occurrence" giving rise to such "bodily injury" or "property damage" or the offense giving rise to such "personal and advertising injury" takes place prior to the termination of such lease.

e. Lessor of Land

Any person or organization from whom you lease land, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" arising out of the ownership, maintenance or use of that specific part of the land leased to you, provided that the "occurrence" giving rise to such "bodily injury" or "property damage" or the offense giving rise to such "personal and advertising injury", takes place prior to the termination of such lease. The insurance hereby afforded to the additional insured does not apply to structural alterations, new construction or demolition operations performed by, on behalf of or for such additional insured.

f. Lessor of Premises

An owner or lessor of premises leased to you, or such owner or lessor's real estate manager, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" arising out of the ownership, maintenance or use of such part of the premises leased to you, and provided that the "occurrence" giving rise to such "bodily injury" or "property damage" or the offense giving rise to such "personal and advertising injury", takes place prior to the termination of such lease. The insurance hereby afforded to the additional insured does not apply to structural alterations, new construction or demolition operations performed by, on behalf of or for such additional insured.

g. Mortgagee, Assignee or Receiver

A mortgagee, assignee or receiver of premises but only with respect to such mortgagee, assignee, or receiver's liability for "bodily injury", "property damage" or "personal and advertising injury" arising out of the ownership, maintenance, or use of a premises by you.

This insurance does not apply to structural alterations, new construction or demolition operations performed by, on behalf of or for such additional insured.

h. State or Political Subdivisions

A state or government agency or subdivision or political subdivision that has issued a permit or authorization, but only with respect to such government agency or subdivision or political subdivision's liability for "bodily injury", "property damage" or "personal and advertising injury" arising out of:

- (1) The following hazards in connection with premises you own, rent, or control and to which this insurance applies:
 - (a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners, or decorations and similar exposures; or
 - (b) The construction, erection, or removal of elevators; or
 - (c) The ownership, maintenance or use of any elevators covered by this insurance; or



(2) The permitted or authorized operations performed by you or on your behalf. But the coverage granted by this paragraph does not apply to:

- (a) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or government agency or subdivision or political subdivision; or
- (b) "Bodily injury" or "property damage" included within the "products-completed operations hazard."

With respect to this provision's requirement that additional insured status must be requested under a "written contract", we will treat as a "written contract" any governmental permit that requires you to add the governmental entity as an additional insured.

i. Trade Show Event Lessor

With respect to your participation in a trade show event as an exhibitor, presenter or displayer, any person or organization whom you are required to include as an additional insured, but only with respect to such person or organization's liability for "bodily injury", "property damage", or "personal and advertising injury" cause by:

- a. Your acts or omissions; or
- b. Acts or omissions of those acting on your behalf;

in the performance of your ongoing operations at the trade show premises during the trade show event.

j. Other Person or Organization

Any person or organization who is not an additional insured under paragraphs a. through i. above. Such additional insured is an insured solely for "bodily injury", "property damage" or "personal and advertising injury" for which such additional insured is liable because of your acts or omissions.

The coverage granted by this paragraph does not apply to any person or organization:

- (1) For "bodily injury," "property damage," or "personal and advertising injury" arising out of the rendering or failure to render any professional services;
- (2) For "bodily injury" or "property damage" included in the "products-completed operations hazard." But this provision (2) does not apply to such "bodily injury" or "property damage" if:
 - (a) It is entirely due to your negligence and specifically results from your work for the additional insured which is the subject to the "written contract"; and
 - (b) The "written contract" requires you to make the person or organization an additional insured for such "bodily injury" or "property damage"; or
- (3) Who is afforded additional insured coverage under another endorsement attached to this policy.

C. ADDITIONAL PROVISIONS PERTINENT TO ADDITIONAL INSURED COVERAGE

With respect only to additional insured coverage provided under paragraphs A. and B. above:

1. The **BUSINESSOWNERS COMMON POLICY CONDITIONS** are amended to add the following to the Condition entitled **Other Insurance**:

This insurance is excess of all other insurance available to an additional insured whether primary, excess, contingent or on any other basis. However, if a "written contract" requires that this insurance be either primary or primary and noncontributing, then this insurance will be primary and non-contributory relative solely to insurance on which the additional insured is a named insured.

2. Under **Liability and Medical Expense Definitions**, the following definition is added:

"Written contract" means a written contract or agreement that requires you to make a person or organization an additional insured on this policy, provided the contract or agreement:

- a. Is currently in effect or becomes effective during the term of this policy; and
- b. Was executed prior to:

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- (1) The "bodily injury" or "property damage"; or
 - (2) The offense that caused the "personal and advertising injury";
- for which the additional insured seeks coverage.

II. LIABILITY EXTENSION COVERAGES

It is understood and agreed that this endorsement amends the **Businessowners Liability Coverage Form**. If any other endorsement attached to this policy amends any provision also amended by this endorsement, then that other endorsement controls with respect to such provision, and the changes made by this endorsement to such provision do not apply.

A. Bodily Injury – Expanded Definition

Under **Liability and Medical Expenses Definitions**, the definition of "Bodily injury" is deleted and replaced by the following:

"Bodily injury" means physical injury, sickness or disease sustained by a person, including death, humiliation, shock, mental anguish or mental injury by that person at any time which results as a consequence of the physical injury, sickness or disease.

B. Broad Knowledge of Occurrence

Under Businessowners Liability Conditions, the Condition entitled Duties In The Event of Occurrence, Offense, Claim or Suit is amended to add the following:

Paragraphs **a.** and **b.** above apply to you or to any additional insured only when such "occurrence," offense, claim or "suit" is known to:

- (1) You or any additional insured that is an individual;
- (2) Any partner, if you or an additional insured is a partnership;
- (3) Any manager, if you or an additional insured is a limited liability company;
- (4) Any "executive officer" or insurance manager, if you or an additional insured is a corporation;
- (5) Any trustee, if you or an additional insured is a trust; or
- (6) Any elected or appointed official, if you or an additional insured is a political subdivision or public entity.

This paragraph applies separately to you and any additional insured.

C. Estates, Legal Representatives and Spouses

The estates, heirs, legal representatives and spouses of any natural person insured shall also be insured under this policy; provided, however, coverage is afforded to such estates, heirs, legal representatives and spouses only for claims arising solely out of their capacity as such and, in the case of a spouse, where such claim seeks damages from marital common property, jointly held property, or property transferred from such natural person insured to such spouse. No coverage is provided for any act, error or omission of an estate, heir, legal representative or spouse outside the scope of such person's capacity as such, provided however that the spouse of a natural person Named Insured and the spouses of members or partners of joint venture or partnership Named Insureds are insureds with respect to such spouses' acts, errors or omissions in the conduct of the Named Insured's business.

D. Legal Liability – Damage To Premises

- 1. Under **B. Exclusions, 1. Applicable to Business Liability Coverage**, Exclusion **k. Damage To Property**, is replaced by the following:

k. Damage To Property

"Property damage" to:

- 1. Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of



such property for any reason, including prevention of injury to a person or damage to another's property;

2. Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
3. Property loaned to you;
4. Personal property in the care, custody or control of the insured;
5. That particular part of any real property on which you or any contractors or subcontractors working directly or indirectly in your behalf are performing operations, if the "property damage" arises out of those operations; or
6. That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

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

Paragraphs 1, 3, and 4, of this exclusion do not apply to "property damage" (other than damage by fire or explosion) to premises:

- (1) rented to you;
- (2) temporarily occupied by you with the permission of the owner, or
- (3) to the contents of premises rented to you for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to Damage To Premises Rented To You as described in Section D – Liability and Medical Expenses Limits of Insurance.

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

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

2. Under **B. Exclusions, 1. Applicable to Business Liability Coverage**, the following paragraph is added, and replaces the similar paragraph, if any, beneath paragraph (14) of the exclusion entitled **Personal and Advertising injury**:

Exclusions **c, d, e, f, g, h, i, k, l, m, n, and o**, do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner or to the contents of premises rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to this coverage as described in **Section D. Liability And Medical Expenses Limits Of Insurance**.

3. The first Paragraph under item **5. Damage To Premises Rented To You Limit** of the section entitled **Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

The most we will pay under Business Liability for damages because of "property damage" to any one premises, while rented to you or temporarily occupied by you with the permission of the owner, including contents of such premises rented to you for a period of 7 or fewer consecutive days, is the Damage to Premises Rented to You limit shown in the Declaration.

E. Personal and Advertising Injury – Discrimination or Humiliation

1. Under **Liability and Medical Expenses Definitions**, the definition of "personal and advertising injury" is amended to add the following:
 - h. Discrimination or humiliation that results in injury to the feelings or reputation of a natural person, but only if such discrimination or humiliation is:
 - (1) Not done intentionally by or at the direction of:
 - (a) The insured; or





- (b) Any "executive officer," director, stockholder, partner, member or manager (if you are a limited liability company) of the insured; and
 - (2) Not directly or indirectly related to the employment, prospective employment, past employment or termination of employment of any person or person by any insured.
2. Under **B. Exclusions, 1. Applicable to Business Liability Coverage**, the exclusion entitled **Personal and Advertising injury** is amended to add the following additional exclusions:
- (15) **Discrimination Relating to Room, Dwelling or Premises**
Caused by discrimination directly or indirectly related to the sale, rental, lease or sub-lease or prospective sale, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured.
 - (16) **Employment Related Discrimination**
Discrimination or humiliation directly or indirectly related to the employment, prospective employment, past employment or termination of employment of any person by any insured.
 - (17) **Fines or Penalties**
Fines or penalties levied or imposed by a governmental entity because of discrimination.
3. This provision (**Personal and Advertising Injury – Discrimination or Humiliation**) does not apply if **Personal and Advertising Injury Liability** is excluded either by the provisions of the Policy or by endorsement.

F. Personal and Advertising Injury - Broadened Eviction

Under **Liability and Medical Expenses Definitions**, the definition of "Personal and advertising injury" is amended to delete Paragraph c. and replace it with the following:

- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room dwelling or premises that a person or organization occupies committed by or on behalf of its owner, landlord or lessor.

G. Waiver of Subrogation – Blanket

We waive any right of recovery we may have against:

- a. Any person or organization with whom you have a written contract that requires such a waiver.

All other terms and conditions of the Policy remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****INFLATION GUARD**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form:

Inflation Guard

1. The limit of Insurance for Building will be increased by the annual percentage shown in the Declarations, if you choose this optional coverage.

The limit of Insurance for Business Personal Property will be increased by the annual percentage shown in the Declarations, if you choose this optional coverage.

2. The amount of increase will be:
 - a. The limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the limit; times

- b. The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 5% is .05); times
- c. 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, divided by 365.

Example:

If: the applicable limit is \$100,000.

The annual increase is 5%.

The number of days since the beginning of the policy year (or last policy change) is 146.

The amount of increase is:

$\$100,000 \times .05 \times 146 / 365 = \$2,000.$

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**"FUNGUS," WET ROT, DRY ROT AND BACTERIA
EXCLUSION/LIMITED COVERAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

A. The following is added to Section B.1., EXCLUSIONS:

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

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

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

This exclusion does not apply:

1. When "fungus," wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus," Wet Rot, Dry Rot And Bacteria Section of this endorsement.

B. Section B.2., EXCLUSIONS, Paragraph 2.d.(2), is deleted in its entirety and replaced by the following:

- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

C. Section B.1., EXCLUSIONS, Paragraph g. Water, is deleted in its entirety and replaced by the following:

g. Water

Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more. But if the continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor results in Equipment Breakdown not otherwise excluded, we will pay for the loss or damage caused by that Equipment Breakdown.

D. The following is added to Section A. COVERAGE, Paragraph 5. of the ADDITIONAL COVERAGES section:

Additional Coverage – Limited Coverage for "Fungus," Wet Rot, Dry Rot and Bacteria

1. The coverage described below in paragraphs D.2. and D.6. of this Limited Coverage endorsement only applies when the "fungus," wet or dry rot or

bacteria is the result of Covered Causes of Loss other than fire or lightning 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.

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 paragraph D.2. of this Limited Coverage endorsement is limited to \$25,000, unless a different limit is shown in the Declarations. 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 Covered Causes of Loss (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus," wet or dry rot or bacteria, we will not pay more than a total of \$25,000 (unless a different limit is shown in the Declarations), even if the "fungus," wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

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

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under the Additional Coverages Section of the Special Property Coverage Forms.
 6. The following paragraphs, **6.a.** or **6.b.** applies to the Business Income and Extra Expense coverage and only if the suspension (slowdown or cessation) of "operations" satisfies all terms and conditions of the applicable Business Income and Extra Expense coverage. The coverage provided under this Limited Coverage is part of and does not increase the applicable Limit of Insurance on the Business Income and Extra Expense coverage.
 - 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.
- E.** Under this policy, we will not pay under the Ordinance Or Law Coverage for:
1. Loss or expense sustained due to the enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus," wet or dry rot or bacteria; or
 2. 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 "fungus," wet or dry rot or bacteria.
- F.** The following is added to Section **G. PROPERTY DEFINITIONS:**
- "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.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****NEW JERSEY CHANGES**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM
BUSINESSOWNERS LIABILITY COVERAGE FORM
BUSINESSOWNERS COMMON POLICY CONDITIONS
HIRED AND NON-OWNED AUTO LIABILITY

A. The Businessowners Special Property Coverage Form is amended as follows:

1. The following exclusion and related provisions are added to Paragraph **B. Exclusions**:

Domestic Violence Exclusion

- a. We will not pay for loss or damage arising out of any act committed:

(1) By or at the direction of any insured; and

(2) With the intent to cause a loss.

- b. However, this exclusion will not apply to deny payment to a co-insured who did not cooperate in or contribute to the creation of the loss if the loss arose out of domestic violence.

- c. If we pay a claim pursuant to Paragraph **b.** above, our payment to the insured is limited to that insured's insurable interest in the property. In no event will we pay more than the Limit of Insurance.

To the extent that the Concealment, Misrepresentation Or Fraud Condition conflicts with the provisions of Paragraph **b.** above, the provisions of **b.** will apply.

2. Section **B. Exclusions**, item **B.2.d.(2)** is amended to read as follows:

(2) Rust, corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

3. Section **G. Definitions**, Paragraph **20.** "Pollutants" is replaced by the following:

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

B. The Businessowners Liability Coverage Form is amended as follows:

1. The term "spouse" is replaced by the following:

Spouse or party to a civil union recognized under New Jersey law.

2. The following is added to **F. Businessowners General Liability Conditions**:

7. Your Right To Loss Information

We will provide the first Named Insured shown in the Declarations the following loss information relating to this and any preceding Businessowners Liability Coverage Form we have issued to you during the previous three years:

- a. A list or other record of each "occurrence" of which we were notified in accordance with Paragraph **2.a.** of the Duties In The Event Of Occurrence, Offense, Claim Or Suit Condition in this Section. We will include a brief description of the "occurrence" and information on whether any claim arising out of the "occurrence" is open or closed.

- b. A summary by policy year, of payments made and amounts reserved, stated separately under any applicable Aggregate Limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

You must not disclose this information to any claimant or any claimant's representative without our consent.

We will provide this information only if we receive a written request from the first Named Insured during the policy period. We will provide this information within 45 days of receipt of the request.

We compile claim and "occurrence" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named

Insured, we make no representations or warranties to insureds, insurers or others to whom this information is furnished by or on behalf of any insured.

C. The Businessowners Common Policy Conditions are amended as follows:

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

2. If this Policy has been in effect for less than 60 days, we may cancel this Policy for any reason subject to the following:

a. We may cancel this Policy by mailing or delivering to the first Named Insured and any person entitled to notice under this Policy written notice, of cancellation, at least:

(1) 10 days before the effective date of cancellation if we cancel for:

(a) Nonpayment of premium; or

(b) Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f) as follows:

(i) "The risk, danger or probability that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. Any change in the circumstances of an insured that will increase the probability of such a destruction may be considered a 'moral hazard'; and

(ii) "The substantial risk, danger or probability that the character, circumstances or personal habits of the insured may increase the possibility of loss or liability for which an insurer will be held responsible. Any change in the character or circumstances of an individual, corporate, partnership or other insured that will increase the probability of such a loss or liability may be considered a 'moral hazard.'"

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation.

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

7. Cancellation Of Policies In Effect For 60 Days Or More

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

(1) Nonpayment of premium;

(2) Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f);

(3) Material misrepresentation or nondisclosure to us of a material fact at the time of acceptance of the risk;

(4) Increased hazard or material change in the risk assumed which we could not have reasonably contemplated at the time of assumption of the risk;

(5) Substantial breaches of contractual duties, conditions or warranties that materially affect the nature and/or insurability of the risk;

(6) Lack of cooperation from the insured on loss control matters materially affecting insurability of the risk;

(7) Fraudulent acts against us by the insured or its representative that materially affect the nature of the risk insured;

(8) Loss of or reduction in available insurance capacity;

(9) Material increase in exposure arising out of changes in statutory or case law subsequent to the issuance of the insurance contract or any subsequent renewal;

(10) Loss of or substantial changes in applicable reinsurance;

(11) Failure by the insured to comply with any Federal, State or local fire, health, safety or building or construction regulation, law or ordinance with respect to an insured risk which substantially increases any hazard insured against within 60 days of written notification of a violation of any such law, regulation or ordinance;

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- (12) Failure by the insured to provide reasonable and necessary underwriting information to us upon written request therefor and a reasonable opportunity to respond;
- (13) Agency termination, provided:
- (a) We document that replacement coverage at comparable rates and terms has been provided to the first Named Insured, and we have informed the first Named Insured, in writing, of the right to continue coverage with us; or
 - (b) We have informed the first Named Insured, in writing, of the right to continue coverage with us and the first Named Insured has agreed, in writing, to the cancellation or nonrenewal based on the termination of the first Named Insured's appointed agent.
- (14) Any other reasons in accordance with our underwriting guidelines for cancellation of commercial lines coverage.
- b. If we cancel this Policy based on Paragraphs 7.a.(1) or (2) above, we will mail or deliver a written notice, to the first Named Insured and any person entitled to notice under this Policy, at least 10 days before the effective date of cancellation. If we cancel this Policy for any other reason listed above, we will mail or deliver a written notice to the first Named Insured and any person entitled to notice under this Policy, not more than 120 days nor less than 30 days before the effective date of such cancellation.
- c. In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation. For cancellation due to the nonpayment of premium, the notice will state the effect of nonpayment by the due date. Cancellation for nonpayment of premium will not be effective if payment of the amount due is made before the effective date set forth in the notice.
- d. Notice will be sent to the last mailing addresses known to us, by:
- (1) Certified mail; or
 - (2) First class mail, if we have obtained from the post office a date stamped
- proof of mailing showing names and addresses.
- e. We need not send notice of cancellation if you have:
- (1) Replaced coverage elsewhere; or
 - (2) Specifically requested termination.
3. The following paragraph is added and supersedes any other provision to the contrary:
- M. Nonrenewal**
- 1. We may elect not to renew this Policy for any reason permitted to cancel it. If we elect not to renew this Policy, we will mail a notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 30 days but not more than 120 days before the expiration date of this Policy. If this Policy does not have a fixed expiration date, it shall be deemed to expire annually on the anniversary of its inception.
 - 2. This notice will be sent to the first Named Insured at the last mailing address known to us by:
 - a. Certified mail; or
 - b. First class mail, if we have obtained from the post office a date stamped proof of mailing showing the first Named Insured's name and address.
 - 3. We need not mail or deliver this notice if you have:
 - a. Replaced coverage elsewhere; or
 - b. Specifically requested termination.
4. The following paragraph is added:
- Pursuant to New Jersey law, this Policy cannot be cancelled or nonrenewed for any underwriting reason or guideline which is arbitrary, capricious or unfairly discriminatory or without adequate prior notice to the insured. The underwriting reasons or guidelines that an insurer can use to cancel or nonrenew this Policy are maintained by the insurer in writing and will be furnished to the insured and/or the insured's lawful representative upon written request.
- This provision shall not apply to any policy which has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the Policy is a renewal policy.
5. The following is added to Paragraph K. **Transfer Of Rights Of Recovery Against Others To Us** Condition:

If we pay a co-insured for loss arising out of an act of domestic violence by another insured, the rights of the co-insured, who did not cooperate in or contribute to the creation of the loss, to recover damages from the perpetrator of domestic violence are transferred to us to the extent of our payment. Following the loss, the co-insured who did not cooperate in or contribute to the loss may not waive such rights to recover against the perpetrator of domestic violence.

- D. If Hired and Non Owned Auto Liability** is covered under this policy through endorsement, Paragraph **C.1. of the Hired and Non-Owned Auto Liability Endorsement** is replaced as follows:

With respect to the insurance provided by this endorsement:

1. The exclusions under Coverage **A** – Bodily Injury and Property Damage Liability, other than

exclusions **a., b., d., e., i.**, and the Nuclear Energy Liability Exclusion (Broad Form) are deleted and replaced by the following:

- a. "Bodily Injury" to:
 - (1) Any fellow "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured;
 - (b) Performing duties related to the conduct of the insured's business.
- b. "Property Damage" to:
 - (1) Property owned or being transported by, or rented or loaned to the insured; or
 - (2) Property in the care, custody or control of the insured.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
MANDATORY ENDORSEMENT – AGGREGATE LIMITS – NEW JERSEY**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

**THIS POLICY CONTAINS AGGREGATE LIMITS:
REFER TO SECTION D. LIMITS OF INSURANCE OF THE
BUSINESSOWNERS LIABILITY COVERAGE FORM**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****NEW JERSEY CHANGES – LOSS INFORMATION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

The following Condition is added to LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS (Section D) in the BUSINESSOWNERS LIABILITY COVERAGE FORM:

6. Your Right to Loss Information

We will provide the first Named Insured shown in the Declarations the following loss information relating to this and any preceding Businessowners Liability Coverage Form we have issued to you during the previous three years:

- a.** A list or other record of each "occurrence" of which we were notified in accordance with paragraph **2.a.** of the Duties in the Event of Occurrence, Offense, Claim or Suit Condition in this Section. We will include a brief description of the "occurrence" and information on whether any claim arising out of the "occurrence" is open or closed.

- b.** A summary by policy year, of payments made and amounts reserved, stated separately under any applicable Aggregate Limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

You must not disclose this information to any claimant or any claimant's representative without our consent.

We will provide this information only if we receive a written request from the first Named Insured during the policy period. We will provide this information within 45 days of receipt of the request.

We compile claim and "occurrence" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers or others to whom this information is furnished by or on behalf of any insured.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****ECONOMIC AND TRADE SANCTIONS CONDITION**

The following condition is added to the **COMMON POLICY CONDITIONS**:

ECONOMIC AND TRADE SANCTIONS CONDITION

In accordance with laws and regulations of the United States concerning economic and trade embargoes, this policy is void **ab initio** (void from its inception) with respect to any term or condition of this policy that violates any laws or regulations of the United States concerning economic and trade embargoes including, but not limited to the following:

1. Any insured, or any person or entity claiming the benefits of an insured, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to U.S. economic or trade sanctions;
2. Any claim or "suit" that is brought in a Sanctioned Country or by a Sanctioned Country Government, where any action in connection with such claim or suit is prohibited by U.S. economic or trade sanctions;
3. Any claim or "suit" that is brought by any Specially Designated National or Blocked Person or any person or entity who is otherwise subject to U.S. economic or trade sanctions;

4. Property that is located in a Sanctioned Country or that is owned by, rented to or in the care, custody or control of a Sanctioned Country Government, where any activities related to such property are prohibited by U.S. economic or trade sanctions; or
5. Property that is owned by, rented to or in the care, custody or control of a Specially Designated National or Blocked Person, or any person or entity who is otherwise subject to U.S. economic or trade sanctions.

As used in this endorsement a Specially Designated National or Blocked Person is any person or entity that is on the list of Specially Designated Nationals and Blocked Persons issued by the U.S. Treasury Department's Office of Foreign Asset Control (O.F.A.C.) as it may be from time to time amended.

As used in this endorsement a Sanctioned Country is any country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States of America.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****WAR LIABILITY EXCLUSION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

I. The following provisions are added to the Business Liability Coverage Forms:

A. **War** Exclusion i. under Paragraph **B.1., Exclusions – Applicable to Business Liability Coverage** is replaced by the following:

This insurance does not apply to War.

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

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

II. The following provision is added to the Business Liability Coverage Form:

A. Exclusion **h.** under Paragraph **B.2., Exclusions – Applicable To Medical Expenses Coverage** does not apply. Medical Expenses due to war are now subject to Exclusion **g.** of Paragraph **B.2.**, since "bodily injury" arising out of war is now excluded under Paragraph **B.1., Exclusions – Applicable To Business Liability Coverage.**

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EXCLUSION – SILICA**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM**A. The following exclusion is added to Section B.1. EXCLUSIONS – Applicable to Business Liability Coverage:**

This insurance does not apply to:

1. "Bodily injury" arising in whole or in part out of the actual, alleged or threatened respiration or ingestion at any time of "silica"; or
2. "Property damage" arising in whole or in part out of the actual, alleged or threatened presence of "silica."

3. This insurance does not apply to "personal and advertising injury" arising in whole or in part out of the actual, alleged or threatened exposure at any time to or the presence of "silica."

B. The following definition is added:

"Silica" means the chemical compound silicon dioxide (SiO₂) in any form, including dust which contains "silica."



BUSINESSOWNERS 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. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.

(1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

(a) Seasonal unoccupancy; or

(b) Buildings in the course of construction, renovation or addition.

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

(2) After damage by a covered cause of loss, permanent repairs to the building:

(a) Have not started, and

(b) Have not been contracted for, within 30 days of initial payment of loss.

(3) The building has:

(a) An outstanding order to vacate;

(b) An outstanding demolition order; or

(c) Been declared unsafe by governmental authority.

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

(5) Failure to:

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

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

b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

c. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

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

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

B. Changes

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

C. Concealment, Misrepresentation Or Fraud

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

1. This policy;

2. The Covered Property;

3. Your interest in the Covered Property; or

4. A claim under this policy.

D. Examination Of Your Books And Records

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

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E. Inspections And Surveys

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

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

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

F. Insurance Under Two Or More Coverages

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

G. Liberalization

If, during your policy period, we adopt any revision that would broaden the coverage under this policy without additional premium the broadened coverage will immediately apply to this policy. The broadened coverage will also apply to the renewal of this policy if such renewal was in process or was mailed prior to the date we adopted such revision.

H. Other Insurance

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

undertake to do so; but we will be entitled to the insured's rights against all those other insurers.

I. Premiums

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

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

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

J. Premium Audit

1. This policy is subject to audit if the Declarations show an Audit Period other than 'Not Auditable.' We will compute the final premium due when we determine your actual exposures.
2. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

K. Transfer Of Rights Of Recovery Against Others To Us**1. Applicable to Businessowners Property Coverage:**

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

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

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

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

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

L. Transfer Of Your Rights And Duties Under This Policy

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

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI / MOLD / MILDEW / YEAST / MICROBE EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

A. The following exclusion is added to SECTION B.1., EXCLUSIONS – Applicable to Business Liability Coverage:

This insurance does not apply to:

Fungi and Microbes

- (1) "Bodily injury" or "property damage" arising out of or relating to, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or growth or presence of any "fungi" or "microbes." This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage, loss, cost or expense. This exclusion does not apply where your business is food processing, sales, or serving, and the "bodily injury" is caused solely by food poisoning in connection with such processing, sales, or serving.
- (2) Any loss, cost or expense arising out of or relating to the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, or disposing of, or in any way responding to or assessing the effects of "fungi" or "microbes" by any insured or by anyone else.
- (3) "Property damage" arising out of or relating to the actual, alleged or threatened contact with, exposure to, existence of, or growth or presence of any "fungi" or "microbes."

B. The following exclusion is added to SECTION B.1.q. & r., EXCLUSIONS – Applicable to Business Liability Coverage / "Personal injury" or "advertising injury":

This insurance does not apply to:

Fungi and Microbes

- (1) "Personal injury" or "advertising injury" arising out of or relating to, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or growth or presence of any "fungi" or "microbes."
- (2) Any loss, cost or expense arising out of or relating to the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, or disposing of, or in any way responding to or assessing the effects of "fungi" or "microbes" by any insured or by anyone else.

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to such injury, loss, cost or expense.

C. The following definitions are added to SECTION F., DEFINITIONS:

"Fungi" means any form of fungus, including but not limited to, yeast, mold, mildew, rust, smut or mushroom, and including any spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of fungi. But "fungi" does not include any fungi intended by the insured for consumption.

"Microbe(s)" means any non-fungal microorganism or non-fungal, colony-form organism that causes infection or disease. "Microbe" includes any spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of microbes. But "microbe" does not mean microbes that were transmitted directly from person to person.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LOSS PAYABLE CLAUSES**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY**SCHEDULE***

Prem. No.	Description of Property	Loss Payee (Name & Address)	Provision Applicable (Indicate Paragraph A, B, C or D)
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REFER TO LOSS PAYEE SCHEDULE

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

The following is added to the Businessowners Special Property Coverage Form LOSS PAYMENT Loss Condition, as shown in the Declarations or by an "A," "B" "C," or "D" in the Schedule:

A. LOSS PAYABLE CLAUSE

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

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

B. LENDER'S LOSS PAYABLE CLAUSE

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor (including a mortgageholder or trustee) with whom you have entered a contract for the sale of Covered Property, whose interest in that Covered Property is established by such written contracts as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading; or
 - d. Financing statements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure for similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the Loss Payee will still

have the right to receive loss payment if the Loss Payee:

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

All of the terms of the Businessowners Special Property Coverage Form will then apply directly to the Loss Payee.

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

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

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

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4. If we do not renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

C. CONTRACT OF SALE CLAUSE

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

3. The following is added to the OTHER INSURANCE Businessowners Common Policy Condition:

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

D. BUILDING OWNER LOSS PAYABLE CLAUSE

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenant's improvements and betterments with you, unless the lease provides otherwise.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EXCLUSION – ASBESTOS**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

This insurance does not apply to:

- (1)** "Bodily injury", "property damage" or "personal and advertising injury" arising out of the actual, alleged or threatened exposure at any time to asbestos; or
- (2)** Any loss, cost or expense that may be awarded or incurred:
 - (a)** by reason of a claim or "suit" for any such injury or damage; or
 - (b)** in complying with a governmental direction or request to test for, monitor, clean up, remove, contain or dispose of asbestos.

Asbestos means the mineral in any form whether or not the asbestos was at any time:

- (1)** airborne as a fiber, particle or dust;
- (2)** contained in, or formed a part of a product, structure or other real or personal property;
- (3)** carried on clothing;
- (4)** inhaled or ingested; or
- (5)** transmitted by any other means.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT – RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

The following exclusion is added to Section **B. EXCLUSIONS** of the Businessowners Liability Coverage Form:

This insurance does not apply to:

- r. "Bodily injury" or "personal and advertising injury" to:
- (1) A person arising out of any;
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment,

humiliation or discrimination directed at that person; or

- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in paragraphs (1), (2) or (3) above is directed.

This exclusion applies:

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



BUSINESSOWNERS LIABILITY COVERAGE FORM

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

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

The word "insured" means any person or organization qualifying as such under Section **C. – Who Is An Insured**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION F – LIABILITY DEFINITIONS**.

A. Coverages

1. Business Liability (Bodily Injury, Property Damage, Personal and Advertising Injury)

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

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

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

- b. This insurance applies:

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

- (c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.
- (2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Section **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Section **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

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- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury."
- f. **Coverage Extension – Supplementary Payments**
- (1) In addition to the Limit of Insurance of Liability we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
- (a) All expenses we incur.
- (b) Up to \$1,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
- (c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$250 a day because of time off from work.
- (e) All court costs taxed against the insured in the "suit." However, these payments do not include attorneys' fees or attorney expenses taxed against the insured.
- (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.
- (2) If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit," we will defend that indemnitee if all of the following conditions are met:
- (a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- (b) This insurance applies to such liability assumed by the insured;
- (c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- (d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- (e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- (f) The indemnitee:
- (i) Agrees in writing to:
- i. Cooperate with us in the investigation, settlement or defense of the "suit";
- ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- iii. Notify any other insurer whose coverage is available to the indemnitee; and
- iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
- (ii) Provides us with written authorization to:

These payments will not reduce the Limits of Insurance.

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

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

- (a) We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- (b) The conditions set forth above, or the terms of the agreement described in f. above are no longer met.

2. Medical Expenses

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

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the

applicable Limit of Insurance. We will pay reasonable expenses for:

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

B. Exclusions

1. Applicable To Business Liability Coverage

This insurance does not apply to:

a. Expected Or Intended Injury

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

b. Contractual Liability

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

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

- (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

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

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

This exclusion applies even if the claims allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by an insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol

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

d. Workers' Compensation And Similar Laws

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

e. Employer's Liability

"Bodily Injury" to:

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

This exclusion applies:

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

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

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage,

migration, release or escape of "pollutants":

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

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

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

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

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

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

- (i) Any insured; or

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

- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in

connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

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

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

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

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

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

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

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

g. Aircraft, Auto Or Watercraft

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

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

This exclusion does not apply to:

(1) An aircraft that is:

(a) Hired, chartered, or loaned with a paid crew; but

(b) Not owned by any insured;

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

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

(a) Less than 51 feet long; and

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

(4) Parking an "auto" on, or on the ways next to, premises you own or rent, provided

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the "auto" is not owned by or rented or loaned to you or the insured;

- (5) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (6) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:
 - (a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. Mobile Equipment

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

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Professional Services

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

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;

- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services;
- (9) Services in the practice of pharmacy;
- (10) Veterinary medicine services;
- (11) Mortician services; and
- (12) Services rendered in connection with the creation and/or development, modification, or repair of "software," including, but not limited to design, specifications, system or "software" configuration and consultation.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage," or the offense which caused the "personal and advertising injury," involved the rendering or failure to render any professional service.

k. Damage To Property

"Property damage" to:

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

- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

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

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

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

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

I. Damage To Your Product

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

m. Damage To Your Work

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

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

n. Damage To Impaired Property Or Property Not Physically Injured

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

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

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

o. Recall Of Products, Work Or Impaired Property

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

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

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

p. Personal And Advertising Injury

"Personal and advertising injury":

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

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- (b) Designing or determining content of web-sites for others; or
- (c) An Internet search, access, content or service provider.

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

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

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

However, this exclusion does not apply to infringement, in your "advertisement," of copyright, trade dress or slogan.

- (14) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

Exclusions **c.**, **d.**, **e.**, **f.**, **g.**, **h.**, **i.**, **k.**, **l.**, **m.**, **n.** and **o.** in **Section II – Liability** do not apply to damage by fire or explosion to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate

Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D. Liability And Medical Expenses Limits of Insurance.**

q. **Electronic Data**

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

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

2. **Applicable To Medical Expenses Coverage**

We will not pay expenses for "bodily injury":

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

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

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy

- Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
- (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
- (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the nuclear material"; if:
- (1) The "nuclear material":
- (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
- (b) Has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
- d. As used in this exclusion:
- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (2) "Hazardous properties" include radioactive, toxic or explosive properties;
- (3) "Nuclear facility" means:
- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for:
- (i) Separating the isotopes of uranium or plutonium;
- (ii) Processing or utilizing "spent fuel"; or
- (iii) Handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste"; and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;
- (4) "Nuclear material" means "source material," "special nuclear material" or "byproduct material";
- (5) "Nuclear reactor" means an apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- (6) "Property damage" includes all forms of radioactive contamination of property.
- (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has

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been used or exposed to radiation in a "nuclear reactor";

(10) "Waste" means any waste material:

- (a)** Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any one processed primarily for its "source material" content; and
- (b)** Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraph **(a)** and **(b)** of the definition of "nuclear facility."

C. Who Is An Insured

1. If you are designated in the Declarations as:

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

2. Each of the following is also an insured:

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

"employees" or "volunteer workers" are insureds for:

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

- (a)** To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b)** To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph **(a)** above;
- (c)** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(a)** or **(b)**; or
- (d)** Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a)** Owned, occupied or used by,
- (b)** Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

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

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

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

4. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership of majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- Bodily Injury and Property Damage coverage does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- Personal and Advertising Injury coverage does not apply to "personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

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

D. Liability And Medical Expenses Limits Of Insurance

- The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - Insureds;
 - Claims made or "suits" brought; or
 - Persons or organizations making claims or bringing "suits."
- The most we will pay for:

- Injury or damages under the "products completed operations hazard" arising from all "occurrences" during the policy period is the Products-Completed Operations Aggregate Limit shown in the Declarations.

- All other injury or damages, including medical expenses, arising from all "occurrences" during the policy period is the General Aggregate Limit shown in the Declarations.

This General Aggregate Limit applies separately to each of your "locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway or right-of-way of a railroad.

This aggregate Limit does not apply to "property damage" to premises rented to you arising out of fire, lightning or explosion.

- Subject to item 2. above, the most we will pay for the sum of all damages because of all "bodily injury," "property damage" and medical expenses arising out of any one "occurrence" is the Liability and Medical Expense Limit shown in the Declarations.

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

- Subject to item 2. above, the most we will pay for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization is the Personal and Advertising Injury Limit shown in the Declarations.

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

The Damage to Premises Rented To You Limit applies to all damage proximately caused by the same event, whether such damage results from fire, lightning, or explosion or any combination of the three.

If more than one limit of insurance under this policy and any endorsements attached thereto applies to any claim or "suit," the most we will pay under this policy and the endorsements is the single highest limit of liability of all coverages applicable to such claim or "suit." However, this paragraph does not apply to the Medical Expenses limit set forth in paragraph 3. above.

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

E. Businessowners Liability Conditions

1. Bankruptcy

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

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

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

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

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

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

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

c. You and any other involved insured must:

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

damage to which this insurance may also apply.

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

3. Financial Responsibility Laws

a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this policy:

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

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

5. Separation Of Insureds

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

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

6. Unintentional Failure to Disclose Hazards

It is agreed that based on our reliance on your representations as to existing hazards, if unintentionally you should fail to disclose all such hazards at the inception date of your policy, we shall not deny any coverage under this Coverage Form because of such failure.

F. Liability And Medical Expenses Definitions

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

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

2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment."

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

4. "Coverage territory" means:

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

provided the insured's responsibility to pay damages is determined in a "suit" on the

merits in the territory described in Paragraph a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker." "Employee" does not include a "temporary worker."

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work," that cannot be used or is less useful because:

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

if such property can be restored to use by:

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

9. "Insured contract" means:

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

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imposed by law in the absence of any contract or agreement.

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

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (c) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above and supervisory, inspection or engineering services.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker."

11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto."

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in Paragraphs **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in Paragraphs **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury," arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement."

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

16. "Products – completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or

replacement, but which is otherwise complete, will be treated as completed.

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

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

17. "Property damage" means:

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

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

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

18. "Software" means:

- a. Electronic data processing, recording or storage media such as films, tapes, cards, discs, drums or cells; and
- b. Data and programming records used for electronic data processing or electronically controlled equipment stored on such media; and
- c. Written or printed data, such as programs, routines, and symbolic languages, essential to the operation of computers; and
- d. Documents containing information on the operation and maintenance of computers.

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- 19.** "Suit" means a civil proceeding in which damages because of "bodily injury," "property damage," "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
- 20.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- 21.** "Volunteer worker" means a person who is not your "employee," and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
- 22.** "Your product":
- a.** Means:
 - (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a)** You;
 - (b)** Others trading under your name; or
 - (c)** A person or organization whose business or assets you have acquired; and
 - (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
 - b.** Includes:
 - (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2)** The providing of or failure to provide warnings or instructions.
 - c.** Does not include vending machines or other property rented to or located for the use of others but not sold.
- 23.** "Your work":
- a.** Means:
 - (1)** Work or operations performed by you or on your behalf; and
 - (2)** Materials, parts or equipment furnished in connection with such work or operations.
 - b.** Includes:
 - (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
 - (2)** The providing of or failure to provide warnings or instructions.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****TARGETED HACKER ATTACK**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6.** Coverage Extensions. Unless otherwise stated, payments made under this Coverage Extension are subject to and not in addition to the applicable Limits of Insurance.

Targeted Hacker Attack

1. We will pay up to the Limits of Insurance indicated in Paragraphs **9.** and **10.** below, for the following:
 - a. Corruption, distortion, deletion, damage or destruction of your "electronic data" caused by or resulting from a "targeted hacker attack."
 - b. Subject to paragraph **8.** below, 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 the necessary interruption or suspension of your "electronic data processing equipment" resulting from a "targeted hacker attack" that corrupts, distorts, deletes, damages or destroys your "electronic data."
 - c. Subject to paragraph **8.** below, with respect to a "suspension" of your "operations" as described in paragraph **1.b.** above, the "extra expense" (other than the expense to repair or replace property) to:
 - (1) Avoid or minimize the "suspension" of business and to continue "operations"; or
 - (2) Minimize the "suspension" of business if you cannot continue "operations."
2. Worldwide coverage is provided under this Coverage Extension. The coverage territory as described in Paragraph **F.8.b** does not apply to this Coverage Extension.
3. This Coverage Extension does not apply to:
 - a. "Stock"; or
 - b. Property that is licensed, leased or rented to others.
4. The following exclusions as described in Section **B.,** Exclusions, of the Businessowners Special Property Coverage Form do not apply to this Coverage Extension:
 - a. Paragraph **1.j.**; and
 - b. Paragraph **1.k.**
5. The following additional exclusions apply:

With respect to this Coverage Extension, 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. Programming errors or omissions, or incorrect instructions to a machine, including without limitation, incorrect instructions to "electronic data processing equipment" from a user incorrectly operating with, or committing an error using, an input device (including, without limitation, a keyboard, mouse or touchpad) and corrupting, distorting, deleting, damaging or destroying "electronic data."
 - b. Misappropriation, theft, copying, transfer or unauthorized viewing of any property, proprietary or confidential information, "money," "securities," "stock," "electronic data processing equipment" "electronic media and data" or "electronic data" including without limitation, the use of any computer to cause such misappropriation, transfer or copying.
 - c. Errors or deficiency in design, installation, maintenance, repair or modification of your "electronic data processing equipment," "electronic media and data" or "electronic data" or any "electronic data processing equipment," electronic devices, computer system or network to which your "electronic data processing equipment" "electronic media and data" or "electronic data" is connected or dependent; provided, however, this exclusion shall not apply with respect to any such error or deficiency in design, installation, maintenance, repair or modification that is exploited as part of an otherwise covered "targeted hacker attack."
 - d. Unexplained or indeterminable failure, malfunction or slowdown of a "electronic data processing equipment" "electronic media and data" or "electronic data."
 - e. Suspension, interruption, delay, disruption, loss of functionality of, inaccessibility to, or inability to use or communicate with, any "electronic data

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processing equipment," "electronic media and data," "electronic data," computer resource, electronic device, computer system, computer network or equipment.

- f. "Mass attack malware."
 - g. "Mass system penetration."
6. The following definitions apply to this Coverage Extension:
- a. Business Income means:
 - (1) Net Income (Net Profit or Loss before Income taxes) that would have been earned or incurred, including; and
 - (2) Continuing normal operating expenses incurred, including payroll.
 - b. Extra Expense means reasonable and necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no necessary interruption or suspension of your "electronic data processing equipment" resulting from a "targeted hacker attack" that corrupts, distorts, deletes, damages or destroys your "electronic data." Provided, however, that Extra Expense shall not mean the costs you incur to copy, research, replace or restore "electronic data."
7. For purposes of this Coverage Extension only, the definition for "period of restoration" as set forth in the Businessowners Special Property Coverage Form is changed to the following (the definition shall remain unchanged with respect to all other parts of the policy):
- "Period of restoration"** means the period of time that:
- a. Begins on the date and time of the necessary interruption or suspension of your "electronic data processing equipment"; and
 - b. Ends on the date and time that the necessary interruption or suspension of your "electronic data processing equipment" ends, or would have ended had you acted with due diligence and dispatch.
- Provided, however, that "period of restoration" shall not mean more than, or exceed, thirty (30) days. The expiration date of this policy will not cut short the "period of restoration."
- 8. We shall not be liable for any payment for the "extra expense" you incur, and loss of Business Income you sustain, during the first 12 hours following the date and time the necessary interruption or suspension of your "electronic data processing equipment" begins; provided, however, if the "business income and extra expense" – 72 Hour Deductible endorsement is part of this policy, the "12 hours" reference in this paragraph shall be changed to "72 hours" and the 72 hour deductible stated in that endorsement shall apply with respect to this Coverage Extension.
 - 9. The most we will pay in the aggregate under this Coverage Extension and the policy for all corruption, distortion, deletion, damage, destruction or any other harm to "electronic data" (combined) caused by or resulting from a "targeted hacker attack," during each separate 12 month period of this policy beginning with the effective date of this policy, is \$25,000.
 - 10. The most we will pay in the aggregate under this Coverage Extension and the policy for all "extra expense" and loss of "business income" (combined) during each separate 12 month period of this policy beginning with the effective date of this policy is \$25,000.

2. The protective safeguards to which this endorsement applies are identified by the following symbols:
- a. **"P-1" Automatic Sprinkler System**, including related supervisory services.
Automatic Sprinkler System means:
 - (1) Any automatic fire protective or extinguishing system, including connected:
 - (a) Sprinklers and discharge nozzles;
 - (b) Ducts, pipes, valves and fittings;
 - (c) Tanks, their component parts and supports; and
 - (d) Pumps and private fire protection mains.
 - (2) When supplied from an automatic fire protective system:
 - (a) Non-automatic fire protective systems; and
 - (b) Hydrants, standpipes and outlets.
 - b. **"P-2" Automatic Fire Alarm**, protecting the entire building, that is:
 - (1) Connected to a central station; or
 - (2) Reporting to a public or private fire alarm station.
 - c. **"P-3" Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
 - d. **"P-4" Service Contract**, with a privately owned fire department providing fire protection service to the described premises.
 - e. **"P-5" Automatic Commercial Cooking Exhaust and Extinguishing System**, installed on cooking appliances and having the following components:
 - (1) Hood;
 - (2) Grease removal device;
 - (3) Duct system; and
 - (4) Wet chemical fire extinguishing equipment.
 - f. **"P-9"** The protective system described in the Schedule.

B. The following is added to the EXCLUSIONS section of the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM:

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

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

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

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW JERSEY CHANGES – EXCLUSION – LIABILITY FOR HAZARDS OF LEAD

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

The following is added to Paragraph **B. 1. Exclusions Applicable to Business Liability Coverage:**

This insurance does not apply to:

"Bodily Injury" caused in whole or in part, either directly or indirectly, by lead paint or lead contamination, or arising out of or incidental to the inhalation, ingestion, use, handling or contact with lead paint or lead contamination.

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FIDUCIARY LIABILITY COVERAGE FORM

THIS IS A CLAIMS MADE COVERAGE FORM. PLEASE READ ALL PROVISIONS AND CONTACT YOUR AGENT IF YOU HAVE ANY QUESTIONS. THIS INSURANCE APPLIES ONLY TO "WRONGFUL ACTS" THAT OCCUR BETWEEN THE RETROACTIVE DATE AND THE END OF THE "POLICY PERIOD." THIS INSURANCE APPLIES ONLY TO "CLAIMS" FIRST MADE AGAINST THE INSURED AFTER THE INCEPTION DATE AND BEFORE THE END OF THE "POLICY PERIOD" OR ANY APPLICABLE EXTENDED REPORTING PERIOD AND REPORTED TO US IN ACCORDANCE WITH THE PROVISIONS OF THIS FORM. UPON TERMINATION OF YOUR POLICY AN AUTOMATIC EXTENDED REPORTING PERIOD WILL BE PROVIDED, AND A SUPPLEMENTAL EXTENDED REPORTING PERIOD WILL BE AVAILABLE.

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

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

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

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

SECTION I – INSURING AGREEMENTS

A. Coverage

We will pay those sums in excess of the deductible and subject to the limits of liability that the Insured becomes legally obligated to pay as "damages" because of a claim resulting from a "wrongful act" provided:

1. The "wrongful act" takes place in the "coverage territory";
2. The "wrongful act" did not occur before the Retroactive Date, if any, shown in the Declarations nor after the end of the "policy period"; and
3. A "claim" arising out of a "wrongful act" is first made against an insured, during the "policy period" or Extended Reporting Period, if applicable and is reported to us in accordance with Section VIII, Conditions, paragraph C, Duties in the event of a "Claim"; and
4. Prior to the inception date of this Coverage Form:
 - a. The Insured did not give notice to a prior insurer of a "related claim";
 - b. The Insured did not give notice to a prior insurer of any such "wrongful act" or "interrelated wrongful act."

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided

for under paragraph 1.D. – **Supplementary Payments**

B. Defense

We have the right and duty to defend all "suits," even if the allegations are groundless, false or fraudulent. We shall have the right to appoint counsel and to make such investigation and defense of a "suit" as we deem necessary. Alternatively we may, at our option, give our written consent to the defense of any such "suit" to the insured. Our obligation to defend any "suit" or pay any "damages" and "defense expenses" for any "claim" shall be completely fulfilled and extinguished if the limit of insurance has been exhausted by payment of "damages" or "defense expenses."

C. Consent To Settle

We shall not settle a "claim" without your written consent . If you refuse to consent to a settlement or compromise recommended by us, and acceptable to the claimant, then the applicable limit of insurance under this Coverage Form shall be reduced to the amount for which the "claim" could have been settled plus all "defense expenses" incurred up to the time we made our recommendation.

D. Supplementary Payments

We will pay, with respect to any "claim" or "suit" we investigate or settle, or any "suit" against an insured we defend all "defense expenses." These payments

are included within and reduce the Limits of Insurance.

SECTION II – WHO IS AN INSURED

- A.** If you are designated in the Declarations as:
1. A partnership or joint venture, you are an insured. Your partners or members are also insureds.
 2. A limited liability company, you are an insured. Your members and managers are also insureds.
 3. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your directors, officers and trustees are also insureds.
- B.** Your "plans" and their employees, directors, officers and trustees are also insureds.
- D.** Your employees are also insureds, unless otherwise excluded in this policy.
- E.** Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if no other similar insurance applies to that organization. You must notify us of such acquisition or formation as soon as practicable. However, coverage under this provision:
1. Is afforded only until the 90th day after you acquire or form the organization, or until the end of the "policy period," whichever is earlier; and
 2. Does not apply to an offense committed before you acquired or formed the organization.

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

SECTION III – DEFINITIONS

The following defined words shall have the same meaning throughout this Coverage Form, whether expressed in the singular or the plural.

- A. "Claim" means:**
1. A "suit"; or
 2. A written demand for monetary or non-monetary damages made against an insured, arising out of a "wrongful act,"
- B. "Coverage territory" means:**
1. The United States of America (including its territories or possessions) and Puerto Rico; or
 2. All parts of the world if the "insured's" responsibility to pay "damages" is determined in a

"suit" on the merits brought in the territory described in Paragraph 1. above or in a settlement of a "claim" that we agree to.

- C. "Damages" means** sums, settlements, judgments (including any award of pre-judgment and post-judgment interest) for which you are legally obligated to pay on account of a covered "claim." "Damages" shall not include:
1. Any taxes, sanctions, criminal or civil fines, or penalties imposed by law other than:
 - a. The five percent or less or the twenty percent or less penalty imposed upon an insured as a Fiduciary under Section 502(i) or 502(l) of ERISA;
 - b. Those civil fines or penalties imposed under 42 USC 1320d-5(a) the Health Insurance Portability and Accountability Act of 1996 provided however that our maximum limit of insurance for all such fines and penalties shall be \$10,000 in the aggregate, regardless of the number of "claims" made or Insureds covered under this Coverage Form. This sublimit of insurance is part of and not in addition to the limit of insurance set forth on the Declarations.
 2. Any amount for which an "insured person" is absolved from payment by reason of any covenant, agreement or court order;
 3. Any matters deemed uninsurable under the law pursuant to which this Policy is construed.

Notwithstanding anything to the contrary above, "damages" shall include punitive or exemplary damages, if insurable, to the fullest extent permitted by any applicable law. Where you reasonably determine that punitive, exemplary or multiple damages are insurable under any applicable law, we shall not challenge that determination of insurability.

- D. "Defense expenses" means** all fees charged by attorneys designated by us, or by you, with our written consent and all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a "claim" if incurred by us or you with our written consent, including the costs of appeal, attachment or similar bonds. We have no obligation to provide such bonds. "Defense Expenses" shall not include salaries, wages, fees, overhead or benefit expenses associated with the directors, officers, and employees of yours.
- E. "Domestic Partner" means** any person qualifying as such under any federal, state or local laws or under your employee benefit plans.
- F. "ERISA or any Similar Act" means** the Employee Retirement Income Security Act of 1974, as



amended, or any similar common or statutory law of the United States, Canada or their states, territories or provinces or any other jurisdiction anywhere in the world.

- G. "Executive officer"** means your chairperson, chief executive officer, president, chief financial officer and in-house general counsel;
- H. "Insured Persons"** means all of those natural person insureds who are your partners, trustees, members, managers, "executive officers," directors and employees
- I. "Interrelated Wrongful Acts"** means any "wrongful acts" which are logically or causally connected by reason of any common fact, circumstance, situation, transaction or event.
- J "Pension Plan"** means any employee pension benefit plan as defined in 29 U.S.C. §1002 subject to regulation under "ERISA or any Similar Act." "Pension plan" shall not include an excess benefit plan as defined in 29 U.S.C. §1002 or an employee stock ownership plan as defined in 26 U.S.C. §4975.
- K. "Plan"** means:
- a.** Any "welfare plan" which was, is now, or hereafter becomes, sponsored solely by you, or sponsored jointly by you and a labor organization, solely for the benefit of your employees;
 - b.** Any "pension plan" which was, on or prior to the effective date of this Policy, sponsored solely by you, or sponsored jointly by you and a labor organization, solely for the benefit of your employees;
 - c.** Any "pension plan" which, after the effective date of this Policy, becomes sponsored solely by you, or jointly by you and a labor organization, solely for the benefit of your employees, if and to the extent coverage with respect such "pension plan" is afforded pursuant to Section XIV.1 of the General Terms & Conditions of this Policy; or
 - d.** Any government-mandated insurance for workers' compensation, unemployment, social security or disability benefits for employees of Named Company or any Subsidiary.
- L. "Welfare Plan"** means any employee welfare benefit plan as defined in 29 U.S.C. §1002 subject to regulation under ERISA or any Similar Act. Welfare Plan shall not include an excess benefit plan as defined in 29 U.S.C. §1002.
- M. "Policy Period"** means the period from the effective date of this Coverage Form to the expiration date stated on the Declarations, or its earlier cancellation date.
- N. "Pollutants"** means any substance exhibiting hazardous characteristics as, is or may be defined or

identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state or local or foreign counterpart. "Pollutants" also means, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, or asbestos products or any noise.

- O. "Related claims"** mean all claims arising out of a single "wrongful act" or arising out of "interrelated wrongful acts."
- P. "Suit"** means a formal civil, criminal, administrative, or regulatory proceeding or investigation or an arbitration against an "insured," including any appeal therefrom.
- Q. "Wrongful act"** means any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty by the insureds in the discharge of their duties in their capacities, or solely by reason of their status as fiduciaries or administrators (as defined in "ERISA or any similar act") of any "plan," including, without limitation:
- (i)** Counseling employees, beneficiaries or "plan" participants with respect to any "plans";
 - (ii)** Providing interpretations with respect to any "plan";
 - (iii)** Handling records in connection with any "plan";
 - (iv)** Enrolling, terminating or canceling employees under any "plan"; or
 - (v)** Otherwise performing or failing to perform "ERISA or any similar act" obligations relating to any "plan."

SECTION IV- EXTENDED REPORTING PERIOD

- A.** If the first Named Insured cancels or non-renews this Coverage Form or if we decide not to offer any renewal terms for this Coverage Form, the first Named Insured shall have the right to purchase, upon payment of an additional premium not to exceed 200% of the annual premium for this coverage, an extension of this Coverage Form for a period of 12 months immediately following the end of the "policy period," but only with respect to any "wrongful act" committed before the earlier of the end of the "policy period";

This period shall be referred to as the Extended Reporting Period.

- B.** As a condition precedent to the right to purchase the Extended Reporting Period, the total premium for this Coverage Form must have been paid. The right to purchase the Extended Reporting Period shall end

unless we receive written notice and full payment of the premium for such period within 30 days after the end of the "policy period."

- C. If the Extended Reporting Period is purchased, the entire premium shall be deemed fully earned at its commencement without any obligation by us to return any portion thereof.
- D. There is no separate or additional limit of insurance for the Extended Reporting Period.

SECTION V- LIMIT OF INSURANCE

Your rights and ours are stated in the attached Single Limit of Insurance Endorsement For Employment Practices/Fiduciary Liability Coverage Forms

SECTION VI - EXCLUSIONS

A. Exclusions Applicable to Damages and Defense Expenses

We will not be liable to pay any "damages" or "defense expenses" under this Coverage Form in connection with any "claim" made against an insured:

1. Bodily Injury/Property Damage

For any actual or alleged bodily injury (including death), sickness, disease of any person, or damage to or destruction of any tangible property including loss of use;

2. Violation of Law

For any actual or alleged violation of any law governing workers' compensation, unemployment insurance, social security, disability benefits or any other similar federal, state or local statutory or regulatory law or common law anywhere in the world except the Consolidated Omnibus Budget Reconciliation Act of 1985 or the Health Insurance Portability and Accountability Act of 1996 or any amendments to such laws or any rules or regulations promulgated under such laws.

3. Pollution

Based upon, directly or indirectly arising out of or in any way involving: any nuclear reaction, radiation or contamination, or any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, "pollutants"; any request, direction or order that any of the insureds test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of "pollutants" or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person resulting from any of the aforementioned matters.

4. Prior Wrongful Acts of Subsidiaries

For:

- (a) Any "wrongful act" by an insured of any of your subsidiaries, or by such subsidiary occurring before the date such entity became a subsidiary, or
- (b) Any other "wrongful act," whenever occurring, which, together with a "wrongful act" described in (a) above, would constitute "interrelated wrongful acts."

5. Assumed Liability

Based upon, directly or indirectly arising out of or in any way involving the insured's assumption of the liability of others in any oral or written contract or agreement, unless such liability would have attached to an Insured in the absence of such agreement.

B. Exclusions Applicable to Non-Monetary Relief

We will not be liable to pay any "damages" under this Coverage Form that represent:

- 1. The return or reversion to you of any contribution or asset of any "plan";
- 2. Any costs incurred by an insured to comply with any order for remedial, preventive, injunctive or other non-monetary relief, or to comply with an agreement to provide such relief;
- 3. Benefits due or to become due under any "plan," or benefits which would be due under any "plan" if such "plan" complied with all applicable law, except to the extent that:
 - i. An "insured person" is legally obligated to pay such benefits as a personal obligation, and
 - ii. Recovery for the benefits is based upon a covered "wrongful act"; or
- 4. An employer's contributions owed to a "plan" and other amounts for which the insureds are legally obligated to pay by reason of the failure to collect such contributions.

SECTION VII – CONDITIONS

A. Bankruptcy

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

B. Duties In The Event Of A "Claim"

- 1. If, during the "policy period" or any Extended Reporting Period, if applicable, any "claim" is first made against the "insured," the insured shall, as a condition precedent to our obligations under this Coverage Form, give us written notice as

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soon as practicable but in no event later than ninety (90) days after the end of the "policy period" or the Extended Reporting Period, if applicable.

2. You must:
 - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
 - b. Authorize us to obtain records and other information; and
 - c. Cooperate with us in the investigation or settlement of the "claim" or defense of the "suit."
3. No insured shall voluntarily make a payment, assume any obligation, or incur any expense without our written consent.

C. Duties in the Event of A "Wrongful Act" That May Result In A "Claim"

If, during the "policy period," you first become aware of a specific "wrongful act" which may reasonably give rise to a future "claim," and during the "policy period" give written notice to us of:

1. The names of any potential claimants and a description of the "wrongful act" which forms the basis of their potential "claim";
2. The identity of the specific insureds allegedly responsible for such specific "wrongful act";
3. The consequences which have resulted or may result from such specific "wrongful act";
4. The nature of the potential monetary damages which may be sought in consequence of such specific "wrongful act"; and
5. The circumstances by which you first became aware of such specific "wrongful act";

Then any "claim" otherwise covered pursuant to this Coverage Form which is subsequently made and which arises out of such "wrongful act" shall be deemed to have been first made and reported to us by you at the time we received such written notice. No coverage is provided for fees and expenses incurred prior to the time such notice results in a "claim."

D. When a "Claim" is Deemed Made

A "claim" shall be deemed made:

1. In the case of a civil, criminal, administrative or regulatory proceeding or arbitration, on the earliest of the date of service upon or other receipt by the insured of a complaint, indictment, notice of charge or similar document against the insured in such proceeding or arbitration;

2. In the case of an investigation, on the earliest of the date of service upon or other receipt by the insured of a written notice or subpoena from the investigating authority identifying such "insured person" as an individual against whom a formal proceeding may be commenced;
3. In the case of a written demand for monetary damages or non monetary relief, upon the insured's receipt of such written demand.

E. Other Insurance

The **Other Insurance** clause, Section **H.** of the Common Policy Conditions is deleted and replaced with the following:

If any "damages" and "defense expenses" resulting from any "claim" are insured under any other policies, this Coverage Form shall apply only to the extent the "damages" and "defense expenses" exceed the amount paid under such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over this Coverage Form.

F. Section IV. Estates, Legal Representatives and Spouses/Domestic Partners

Section **L.** of the Common Policy Conditions, Transfer Of Your Rights And Duties Under This Policy, is deleted in its entirety and replaced as follows:

The estates, heirs, legal representatives, assigns, spouses and any "domestic partner" of "insured persons" shall be considered insureds under this Coverage Form; provided, however, coverage is afforded to such estates, heirs, legal representatives, assigns and spouses only for a "claim" arising solely out of their status as such and, in the case of a spouse or "domestic partner," where such "claim" seeks damages from marital community property, jointly held property or property transferred from the "insured person" to the spouse or "domestic partner." No coverage is provided for any act, error or omission of an estate, heir, legal representative, assign, spouse or "domestic partner." All terms and conditions of this Coverage Form, including without limitation the deductible applicable to "damages" and "defense expenses" incurred by the "insured person" shall also apply to "damages" and "defense expenses" incurred by such estates, heirs, legal representatives, assigns, spouses and "domestic partners."

G. No Action Against Us

1. No action shall be taken against us unless, as a condition precedent, there shall have been full compliance with all the provisions of this Coverage Form nor until the amount of your obligation to pay shall have been finally determined either by final and nonappealable

judgment against you after trial or by written agreement by you, the claimant and us.

2. No person or organization shall have any right under this Coverage Form to join us a party to any "suit" against you to determine your liability, nor shall we be impleaded by you or your legal representatives in any such "suit."

H. Transfer Of Rights Of Recovery Against Others To Us

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

In no event shall the insured be entitled to recoup from recoveries any amount to satisfy any deductible until after all amounts which we are required to pay or do pay under this Coverage Form are reimbursed to us.

I. Transfer Of Duties When Limit Of Insurance Is Exhausted

1. If we conclude that, based on "claims" which have been reported to us and to which this insurance may apply, the limit of insurance is likely to be exhausted in the payment of "damages" or "defense expenses," we will notify the first named insured, in writing, to that effect;
2. When the limit of insurance has actually been exhausted by payments of "damages" or "defense expenses," we will:
 - a. Notify the first "named insured" in writing, as soon as practicable, that such limit has been exhausted and that our obligations under this Coverage Form shall be deemed completely fulfilled and extinguished;
 - b. Initiate, and cooperate in, the transfer of control, to any appropriate insured, of all open "claims" to you; and
 - c. Take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such "claims" until such transfer is

completed, provided you are cooperating in completing such transfer.

3. Upon receipt of such notice, you, must:
 - a. Cooperate in the transfer of control of "claims"; and
 - b. Arrange for the defense of such "claim" within such time period as agreed to between you and us. Arrangements for the defense of such "claim" must be made as soon as practicable.
4. We will take no action with respect to defense for any "claim" if such "claim" is reported to us after the applicable limit of insurance is exhausted. It becomes the your responsibility to arrange defense for such "claim."
5. You will reimburse us as soon as practicable for expenses we incur in taking those steps we deem appropriate in accordance with Paragraph 2. above.
6. The exhaustion of the applicable limit of insurance and the resulting end of our duty to defend will not be affected by our failure to comply with any of the provisions of this Condition.

J. Named Insured Authorization

The insureds agree that the first named insured will act on behalf of all insureds with respect to giving of all notice to us (except notices provided in Section VII. Paragraph B and C), the receipt of notices from us, the payment of the premiums, the receipt of any return premiums that may become due under this Coverage Form, and the acceptance of endorsements.

K. Assignment of Interest

Assignment of interest under this Coverage Form shall not bind us unless its consent is endorsed to this Coverage Form.

L. Common Policy Conditions

Unless otherwise stated in this Coverage Form, all of the terms and conditions of the Businessowners Common Policy Conditions shall be included and incorporated into this Coverage Form.

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SINGLE LIMIT OF INSURANCE ENDORSEMENT FOR EMPLOYMENT PRACTICES/FIDUCIARY LIABILITY COVERAGE FORMS

In consideration of the premium paid for this Policy, it is hereby understood and agreed that the following endorsement is applicable to the Employment Practices Liability and Fiduciary Liability Coverage Forms:

SINGLE LIMIT OF INSURANCE/DEDUCTIBLE

A. The Employment Practices/Fiduciary Liability single limit of insurance shown in the Declarations and subject to the provisions of the Employment Practices Liability and Fiduciary Liability Coverage Forms is the total amount we will pay as "damages" and "defense expenses" under both the Employment Practices Liability and Fiduciary Liability Coverage Forms combined, regardless of the number of insureds, "claims" made or persons or entities making "claims" under such Coverage Forms. If "related claims" are subsequently made against the insured and reported to us, all such "related claims," whenever made, shall be considered a single "claim" first made and reported to us within the "policy period" in which the earliest of the "related claims" was first made and reported to us.

B. The Employment Practices/Fiduciary Liability single limit of insurance shown in the Declarations shall be our maximum aggregate limit of insurance for all "damages" and "defense expenses" under the Employment Practices Liability and Fiduciary Liability Coverage Forms combined, regardless of the number of:

1. Insureds;
2. "Claims";
3. "Damages" or "defense expenses" incurred; or
4. Claimants;

Our obligations under both the Employment Practices Liability and Fiduciary Liability Coverage Forms, shall be completely fulfilled and extinguished if the Employment Practices/Fiduciary Liability single limit of insurance is exhausted by payment of "damages" or "defense expenses."

C. We will pay "damages" and "defense expenses" in excess of the EPL Deductible shown on the Declarations, up to the applicable Employment Practices/Fiduciary Liability single limit of insurance.

Example No. 1

EPL Deductible: \$5,000

Employment Practices/Fiduciary Single Limit of Insurance: \$100,000

"Damages" and "Defense Expenses": \$75,000

The EPL Deductible will be subtracted from the amount of "damages" and "defense expenses" in calculating the amount payable:

$\$75,000 - \$5,000 = \$70,000$ Amount Payable

Example No. 2

EPL Deductible: \$5,000

Employment Practices/Fiduciary Single Limit of Insurance: \$100,000

"Damages" and "Defense Expenses": \$120,000

The EPL Deductible will be subtracted from the amount of "damages" and "defense expenses" ($\$120,000 - \$5,000 = \$115,000$). Since the amount of the "damages" and "defense expenses" minus the EPL Deductible exceeds the Employment Practices/Fiduciary Liability single limit of insurance, the policy will pay the full Employment Practices/Fiduciary Liability Single Limit of Insurance (\$100,000).

D. Subject to Paragraph **E.** below, we may pay any part or all of the EPL Deductible amount to effect settlement of any "claim" and, upon notification of the action taken, you shall promptly reimburse us for such part of the EPL Deductible amount as has been paid by us.

E. No deductible applies with respect to any "claim" against any "insured person" if you are not permitted to advance "defense expenses" or to indemnify such "insured person" for "damages" by reason of:

1. Financial insolvency; or
2. A good faith determination by you that such payment is not permitted under the broadest construction of applicable law



EMPLOYMENT PRACTICES LIABILITY COVERAGE FORM

THIS IS A CLAIMS MADE COVERAGE FORM. PLEASE READ ALL PROVISIONS AND CONTACT YOUR AGENT IF YOU HAVE ANY QUESTIONS. THIS INSURANCE APPLIES ONLY TO "WRONGFUL ACTS" THAT OCCUR BETWEEN THE RETROACTIVE DATE AND THE END OF THE "POLICY PERIOD." THIS INSURANCE APPLIES ONLY TO "CLAIMS" FIRST MADE AGAINST THE INSURED AFTER THE INCEPTION DATE AND BEFORE THE END OF THE "POLICY PERIOD" OR ANY APPLICABLE EXTENDED REPORTING PERIOD AND REPORTED TO US IN ACCORDANCE WITH THE PROVISIONS OF THIS FORM. UPON TERMINATION OF YOUR POLICY AN AUTOMATIC EXTENDED REPORTING PERIOD WILL BE PROVIDED, AND A SUPPLEMENTAL EXTENDED REPORTING PERIOD WILL BE AVAILABLE.

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

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

The word "insured" means any person or organization qualifying as such under Section II Who Is An Insured.

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

SECTION I - INSURING AGREEMENTS

A. Coverage

We will pay those sums in excess of the deductible and subject to the limits of liability that the Insured becomes legally obligated to pay as "damages" because of a "claim" resulting from a "wrongful employment practice" provided:

1. The "wrongful employment practice" takes place in the "coverage territory";
2. The "wrongful employment practice" did not occur before the Retroactive Date, if any, shown in the Declarations nor after the end of the "policy period"; and
3. A "claim" arising out of a "wrongful employment practice" is first made against an insured, during the "policy period" or Extended Reporting Period, if applicable and is reported to us in accordance with Section VIII, Conditions, paragraph C, Duties in the event of a "Claim"; and
4. Prior to the inception date of this Coverage Form:
 - a. the Insured did not give notice to a prior insurer of a "related claim";
 - b. the Insured did not give notice to a prior insurer of any such "wrongful employment practice" or "interrelated wrongful employment practice."

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under paragraph 1.D. -**Supplementary Payments**

B. Defense

We have the right and duty to defend all "suits," even if the allegations are groundless, false or fraudulent. We shall have the right to appoint counsel and to make such investigation and defense of a "suit" as we deem necessary. Alternatively we may, at our option, give our written consent to the defense of any such "suit" to the insured. Our obligation to defend any "suit" or pay any "damages" and "defense expenses" for any "claim" shall be completely fulfilled and extinguished if the limit of insurance has been exhausted by payment of "damages" or "defense expenses."

C. Consent To Settle

We shall not settle a "claim" without your written consent. If you refuse to consent to a settlement or compromise recommended by us, and acceptable to the claimant, then the applicable limit of insurance under this Coverage Form shall be reduced to the amount for which the "claim" could have been settled plus all "defense expenses" incurred up to the time we made our recommendation.

D. Supplementary Payments

We will pay, with respect to any "claim" or "suit" we investigate or settle, or any "suit" against an insured we defend all "defense expenses." These payments are included within and reduce the Limits of Insurance.

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SECTION II – WHO IS AN INSURED**A.** If you are designated in the Declarations as:

1. A partnership or joint venture, you are an insured. Your partners or members are also insureds.
2. A limited liability company, you are an insured. Your members and managers are also insureds.
3. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are also insureds.

B. Your "employees" are also insureds, unless otherwise excluded in this policy.**C.** Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if no other similar insurance applies to that organization. You must notify us of such acquisition or formation as soon as practicable. However, coverage under this provision:

1. Is afforded only until the 90th day after you acquire or form the organization, or until the end of the policy period, whichever is earlier; and
2. Does not apply to an offense committed before you acquired or formed the organization.

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

SECTION III – DEFINITIONS

The following defined words shall have the same meaning throughout this Coverage Form, whether expressed in the singular or the plural.

A. "Claim" means a "suit" or written demand for monetary damages against an insured and made by or on behalf of a natural person who is an "employee" or applicant for employment for a "wrongful employment practice."**B.** "Coverage territory" means:

1. The United States of America (including its territories or possessions) and Puerto Rico; or
2. All parts of the world if the insured's responsibility to pay "damages" is determined in a "suit" on the merits brought in the territory described in Paragraph 1. above or in a settlement of a "claim" that we agree to.

C. "Damages" means sums (including back pay and front pay), settlements, judgments (including any award of pre-judgment and post-judgment interest) for which you are legally obligated to pay on account of a covered "claim." "Damages" shall not include:

1. criminal or civil fines or penalties imposed by law;
2. taxes;
3. liquidated or the multiple portion of any multiplied damages, amounts which may be deemed uninsurable under the law pursuant to which this policy shall be construed;
4. compensation earned by the claimant in the course of employment but unpaid by the Insured, including salary, wages, commissions, bonus or incentive compensation;
5. any amounts for which an Insured is liable due to breach of any written contract of employment;
6. amounts representing medical or insurance premiums or benefit claim payments;
7. any amount for which an Insured is absolved from payment by reason of any covenant, agreement or court order; or
8. future salary, wages or commissions of a claimant who is hired, promoted or reinstated to employment pursuant to a settlement of, order in, or other resolution of any "claim"

Notwithstanding anything to the contrary above, "damages" shall include punitive or exemplary damages, if insurable, to the fullest extent permitted by any applicable law. Where you reasonably determine that punitive, exemplary or multiple damages are insurable under any applicable law, we shall not challenge that determination of insurability.

D. "Defense expenses" means all fees charged by attorneys designated by us, or by you, with our written consent and all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a "claim" if incurred by us or you with our written consent, including the costs of appeal, attachment or similar bonds. We have no obligation to provide such bonds. "Defense Expenses" shall not include salaries, wages, fees, overhead or benefit expenses associated with the directors, officers, and employees of yours.**E.** "Domestic Partner" means any person qualifying as such under any federal, state or local laws or under your employee benefit plans.**F.** "EEOC Proceeding" means an investigative proceeding before the Equal Employment Opportunity Commission or an adjudicatory or investigative proceeding before any similar federal, state or local government body whose purpose is to address "wrongful employment practices."**G.** "Employee" means all of your past, present or future full-time or part-time employees, including seasonal and temporary employees and employees leased or loaned to you. "Employee" does not include an independent contractor.

- H. "ERISA or any Similar Act"** means the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law of the United States, Canada or their states, territories or provinces or any other jurisdiction anywhere in the world.
- I. "Executive officer"** means your chairperson, chief executive officer, president, chief financial officer and in-house general counsel, and, the director of human resources or equivalent position;
- J. "Insured Persons"** means all of those natural person insureds who are your partners, members, managers, "executive officers," directors and "employees"
- K. "Interrelated Wrongful Employment Practices"** means any "wrongful employment practices" which are logically or causally connected by reason of any common fact, circumstance, situation, transaction or event.
- L. "Policy Period"** means the period from the effective date of this Coverage Form to the expiration date stated on the Declarations, or its earlier cancellation date.
- M. "Pollutants"** means any substance exhibiting hazardous characteristics as, is or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state or local or foreign counterpart. "Pollutants" also means, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, or asbestos products or any noise.
- N. "Related claims"** mean all claims arising out of a single "wrongful employment practice" or arising out of "interrelated wrongful employment practices."
- O. "Suit"** means a formal civil, administrative, or regulatory proceeding (including an "EEOC Proceeding") or investigation or an arbitration against an insured, including any appeal therefrom.
- P. "Wrongful Employment Practice"** means any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty committed or attempted by the "insured persons" in their capacity as such or by you constituting or related to
1. Wrongful dismissal or discharge or termination of employment, whether actual or constructive;
 2. Employment-related misrepresentation;
3. Violation of any federal, state or local laws (whether common-law or statutory) concerning employment or discrimination in employment, including the Americans with Disabilities Act of 1992, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Act of 1964 and the Civil Rights Act of 1866;
 4. Sexual harassment or other unlawful harassment in the work place;
 5. Wrongful deprivation of career opportunity or failure to employ or promote;
 6. Wrongful discipline of "employees";
 7. Retaliation against "employees" for the exercise of any legally protected right or for engaging in any legally protected activity;
 8. Negligent evaluation of "employees";
 9. Failure to adopt adequate workplace or employment policies and procedures;
 10. Employment-related defamation or invasion of privacy; or
 11. Employment-related wrongful infliction of emotional distress.

SECTION IV– EXTENDED REPORTING PERIOD

- A.** If the first Named Insured cancels or non-renews this Coverage Form or if we decide not to offer any renewal terms for this Coverage Form, the first Named Insured shall have the right to purchase, upon payment of an additional premium not to exceed 200% of the annual premium for this coverage, an extension of this Coverage Form for a period of 12 months immediately following the end of the "policy period," but only with respect to any "wrongful employment practice" committed before the earlier of the end of the "policy period";

This period shall be referred to as the Extended Reporting Period.

- B.** As a condition precedent to the right to purchase the Extended Reporting Period, the total premium for this Coverage Form must have been paid. The right to purchase the Extended Reporting Period shall end unless we receive written notice and full payment of the premium for such period within 30 days after the end of the "policy period."
- C.** If the Extended Reporting Period is purchased, the entire premium shall be deemed fully earned at its commencement without any obligation by us to return any portion thereof.
- D.** There is no separate or additional limit of insurance for the Extended Reporting Period.

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SECTION V - LIMIT OF INSURANCE

Your rights and ours are stated in the attached Single Limit of Insurance Endorsement For Employment Practices/Fiduciary Liability Coverage Forms

SECTION VI - EXCLUSIONS**A. Exclusions Applicable to Damages and Defense Expenses**

We will not be liable to pay any "damages" or "defense expenses" under this Coverage Form in connection with any "claim" made against an insured:

1. Bodily Injury/Property Damage

For any actual or alleged bodily injury (including death), sickness, disease of any person, or damage to or destruction of any tangible property including loss of use except that this exclusion shall not apply to allegations of emotional distress, humiliation or mental anguish;

2. Violation of Law

Based upon, directly or indirectly arising out of, or in any way involving any actual or alleged violation of:

- a. (i) "ERISA or any Similar Act," (ii) the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended, or (iii) any other federal, state or local statutory law or common law anywhere in the world governing any employee benefit program, policy, plan or arrangement of any type, including but not limited to laws governing retirement or pension benefit programs, welfare plans, insurance plan, employee stock option ownership or employee stock purchase plans or deferred compensation programs;
- b. Any law governing workers' compensation, unemployment insurance, social security, disability benefits or any other similar federal, state or local statutory or regulatory law or common law anywhere in the world;
- c. The Occupational Safety and Health Act of 1970 (OSHA), as amended, or any other federal, state or local statutory or regulatory law or common law anywhere in the world governing workplace safety and health;
- d. The Fair Labor Standards Act (except the Equal Pay Act), as amended, or any other federal, state or local statutory law or common law anywhere in the world governing wage, hour and payroll policies;
- e. The Workers' Adjustment and Retraining Notification Act, Public Law 100-379 (1988), as amended, or any other federal, state or local statutory or regulatory law or common

law anywhere in the world governing an employer's obligation to notify or bargain with others in advance of any facility closing or mass layoff.

- f. The National Labor Relations Act, as amended, or any other federal, state or local statutory or regulatory law or common law anywhere in the world governing employees' rights and the employers duties with respect to unions, bargaining, strikes, boycotts, picketing, lockouts or collective activities.

However, this exclusion shall not apply to any "claim" alleging retaliation or wrongful dismissal or discharge or termination of employment whether actual or constructive, because of a claimant's exercise of a right pursuant to any such laws;

3. Pollution

Based upon, directly or indirectly arising out of or in any way involving: any nuclear reaction, radiation or contamination, or any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, "pollutants"; any request, direction or order that any of the insureds test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of "pollutants" or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person resulting from any of the aforementioned matters. However, this exclusion shall not apply to any "claim" alleging retaliation or wrongful dismissal or discharge or termination of employment whether actual or constructive, because of a claimant's exercise of a right pursuant to any such laws;

4. Prior Wrongful Acts of Subsidiaries

For:

- (a) Any "wrongful employment practice" by an insured of any of your subsidiaries, or by such subsidiary occurring before the date such entity became a subsidiary, or
- (b) Any other "wrongful employment practice," whenever occurring, which, together with a "wrongful employment practice" described in (a) above, would constitute "interrelated wrongful employment practices."

5. Assumed Liability

Based upon, directly or indirectly arising out of or in any way involving the insured's assumption of the liability of others in any oral or written contract or agreement, unless such liability would have attached to an Insured in the absence of such agreement;

B. Exclusions Applicable to Non-Monetary Relief

We will not be liable to pay any "damages" under this Coverage Form that represent

1. The cost of any non-monetary relief, including without limitation any costs associated with compliance with any injunctive relief of any kind or nature imposed by any judgment or settlement;
2. The costs associated with providing any reasonable accommodations required by, made as a result of, or to conform with the requirements of the Americans With Disabilities Act and any amendments thereto or any similar federal, state or local statute, regulation, or common laws;
3. Amounts determined to be owing under an express contract with or express severance obligation of yours; however, this exclusion shall not apply if and to the extent that liability would have attached to such insured in the absence of the express contract with or obligation of yours ; or
4. Medical or insurance benefits to which the claimant allegedly was entitled or would have been entitled had you provided the claimant with a continuation or conversion of insurance.

SECTION VII – CONDITIONS**A. Bankruptcy**

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

B. Duties In The Event Of A "Claim"

1. If, during the "policy period" or any Extended Reporting Period, if applicable, any "claim" is first made against the "insured," the insured shall, as a condition precedent to our obligations under this Coverage Form, give us written notice as soon as practicable but in no event later than ninety (90) days after the end of the "policy period" or the Extended Reporting Period, if applicable.
2. You must:
 - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
 - b. Authorize us to obtain records and other information; and
 - c. Cooperate with us in the investigation or settlement of the "claim" or defense of the "suit."
3. No insured shall voluntarily make a payment, assume any obligation, or incur any expense without our written consent.

C. Duties in the Event of A "Wrongful Employment Practice" That May Result In A "Claim"

If, during the "policy period," you first become aware of a specific "wrongful employment practice" which may reasonably give rise to a future "claim," and during the "policy period" give written notice to us of:

1. The names of any potential claimants and a description of the "wrongful employment practice" which forms the basis of their potential "claim";
2. The identity of the specific insureds allegedly responsible for such specific "wrongful employment practice";
3. The consequences which have resulted or may result from such specific "wrongful employment practice";
4. The nature of the potential monetary damages which may be sought in consequence of such specific "wrongful employment practice"; and
5. The circumstances by which you first became aware of such specific "wrongful employment practice";

Then any "claim" otherwise covered pursuant to this Coverage Form which is subsequently made and which arises out of such "wrongful employment practice" shall be deemed to have been first made and reported to us by you at the time we received such written notice. No coverage is provided for fees and expenses incurred prior to the time such notice results in a "claim."

D. When a "Claim" is Deemed Made

A "claim" shall be deemed made:

1. In the case of a civil, administrative or regulatory proceeding or arbitration, on the earliest of the date of service upon or other receipt by the insured of a complaint, or similar document against the insured in such proceeding or arbitration;
2. In the case of an investigation, on the earliest of the date of service upon or other receipt by the insured of a written notice or subpoena from the investigating authority identifying such "insured person" as an individual against whom a formal proceeding may be commenced;
3. In the case of a written demand for monetary damages, upon the insured's receipt of such written demand.

E. Other Insurance

The **Other Insurance** clause, Section **H.** of the Common Policy Conditions is deleted and replaced with the following:

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If any "damages" and "defense expenses" resulting from any "claim" are insured under any other policies, this Coverage Form shall apply only to the extent the "damages" and "defense expenses" exceed the amount paid under such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over this Coverage Form.

F. Section IV. Estates, Legal Representatives and Spouses/Domestic Partners

Section L. of the Common Policy Conditions, Transfer Of Your Rights And Duties Under This Policy, is deleted in its entirety and replaced as follows:

The estates, heirs, legal representatives, assigns, spouses and any "domestic partner" of "insured persons" shall be considered insureds under this Coverage Form; provided, however, coverage is afforded to such estates, heirs, legal representatives, assigns and spouses only for a "claim" arising solely out of their status as such and, in the case of a spouse or "domestic partner," where such "claim" seeks damages from marital community property, jointly held property or property transferred from the "insured person" to the spouse or "domestic partner." No coverage is provided for any act, error or omission of an estate, heir, legal representative, assign, spouse or "domestic partner." All terms and conditions of this Coverage Form, including without limitation the deductible applicable to "damages" and "defense expenses" incurred by the "insured person" shall also apply to "damages" and "defense expenses" incurred by such estates, heirs, legal representatives, assigns, spouses and "domestic partners."

G. No Action Against Us

1. No action shall be taken against us unless, as a condition precedent, there shall have been full compliance with all the provisions of this Coverage Form nor until the amount of your obligation to pay shall have been finally determined either by final and nonappealable judgment against you after trial or by written agreement by you, the claimant and us.
2. No person or organization shall have any right under this Coverage Form to join us a party to any "suit" against you to determine your liability, nor shall we be impleaded by you or your legal representatives in any such "suit."

H. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Form those rights are transferred to us. The insured must do nothing after a "claim" is made to impair them. At our

request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

In no event shall the insured be entitled to recoup from recoveries any amount to satisfy any deductible until after all amounts which we are required to pay or do pay under this Coverage Form are reimbursed to us.

I. Transfer Of Duties When Limit Of Insurance Is Exhausted

1. If we conclude that, based on "claims" which have been reported to us and to which this insurance may apply, the limit of insurance is likely to be exhausted in the payment of "damages" or "defense expenses," we will notify the first named insured, in writing, to that effect;
2. When the limit of insurance has actually been exhausted by payments of "damages" or "defense expenses," we will:
 - a. Notify the first named insured in writing, as soon as practicable, that such limit has been exhausted and that our obligations under this Coverage Form shall be deemed completely fulfilled and extinguished;
 - b. Initiate, and cooperate in, the transfer of control, to any appropriate insured, of all open "claims" to you; and
 - c. Take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such "claims" until such transfer is completed, provided you are cooperating in completing such transfer.
3. Upon receipt of such notice, you must:
 - a. Cooperate in the transfer of control of "claims"; and
 - b. Arrange for the defense of such "claim" within such time period as agreed to between you and us. Arrangements for the defense of such "claim" must be made as soon as practicable.
4. We will take no action with respect to defense for any "claim" if such "claim" is reported to us after the applicable limit of insurance is exhausted. It becomes your responsibility to arrange defense for such "claim."
5. You will reimburse us as soon as practicable for expenses we incur in taking those steps we deem appropriate in accordance with Paragraph 2. above.
6. The exhaustion of the applicable limit of insurance and the resulting end of our duty to defend will not be affected by our failure to comply with any of the provisions of this Condition.

J. Named Insured Authorization

The insureds agree that the first named insured will act on behalf of all insureds with respect to giving of all notice to us (except notices provided in Section **VII. Paragraph B and C**), the receipt of notices from us, the payment of the premiums, the receipt of any return premiums that may become due under this Coverage Form, and the acceptance of endorsements.

K. Assignment of Interest

Assignment of interest under this Coverage Form shall not bind us unless its consent is endorsed to this Coverage Form.

L. Common Policy Conditions

Unless otherwise stated in this Coverage Form, all of the terms and conditions of the Business Owners Common Policy Conditions Endorsement shall be included and incorporated into this Coverage Form.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CONCURRENT CAUSATION, EARTH MOVEMENT & WATER EXCLUSION
CHANGES**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

A. Section **B. EXCLUSIONS** the first paragraph of **B.1.** is deleted in its entirety and replaced by the following:

1. We will not pay for loss or damage directly or indirectly caused by or resulting from any of the following regardless of: (a) the causes of the excluded event; or (b) other causes of the loss; or (c) any other causes or events, whether or not insured under this Policy, which may have contributed concurrently or in any sequence with the excluded event to produce the loss; or (d) whether the event occurred suddenly or gradually, involved isolated or widespread damage, arose from natural or external forces or acts or omissions of man, or occurred as a result of any combination of any of the following:

B. Section **B. EXCLUSIONS** exclusion **B.1.b. Earth Movement** deleted in its entirety and replaced by the following:

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting, including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

Also, Earth Movement, as described in (1) through (4) applies to acts or omissions of man or any other cause or combination of causes listed above. But if Earth Movement, as described in (1) through (4) above, results in fire or explosion, and such resulting loss or damage is not otherwise excluded, 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, and such resulting loss or damage is not otherwise excluded, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

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

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

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

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

C. Section **B. EXCLUSIONS** exclusion **B.1.g. Water** is deleted in its entirety and replaced by the following:

g. Water

- (1) "Flood," surface water, waves, tides, tidal waves, overflow of any body of water, including release of water held by a dam, levy or dike or by a water or flood control device, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water or sewage that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if water, as described in **g.(1)** through **g.(4)** above, results in fire, explosion, or sprinkler leakage not otherwise excluded, we will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

D. Wherever the word "flood" appears in the Commercial Property Coverage Part, it is amended to a defined term, as per the following, and is added to the Definitions section of each applicable coverage part.

"**Flood**" means a general and temporary condition of partial or complete inundation of normally dry land

areas, whether caused by natural occurrences, acts or omissions of man or any other cause or combination of causes.

All flooding in a continuous or protracted event will constitute a single flood.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IDENTITY THEFT/RECOVERY SERVICES ENDORSEMENT

IDENTITY THEFT/RECOVERY CASE MANAGEMENT SERVICE AND EXPENSE REIMBURSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following changes apply to the **Businessowners Special Property Coverage Form**:

A. IDENTITY RECOVERY COVERAGE

The following is added to **Paragraph 5. Additional Coverages**:

We will provide the Case Management Service and Expense Reimbursement Coverage indicated below if all of the following requirements are met:

1. There has been an "identity theft" involving the personal identity of an "identity recovery insured" under this policy; and
2. Such "identity theft" is first discovered by the "identity recovery insured" during the policy period for which this Identity Recovery coverage is applicable; and
3. Such "identity theft" is reported to us as soon as practicable but in no event later than 60 days after it is first discovered by the "identity recovery insured."

If all three of the requirements listed above have been met, then we will provide the following to the "identity recovery insured":

1. Case Management Service

Services of an "identity recovery case manager" as needed to respond to the "identity theft"; and

2. Expense Reimbursement

Reimbursement of necessary and reasonable "identity recovery expenses" incurred as a direct result of the "identity theft."

This coverage is additional insurance.

B. EXCLUSIONS

The following additional exclusions are added to **Section B. - Exclusions** and apply to this coverage:

We do not cover loss or expense arising from any of the following:

1. Theft of a professional or business identity.
2. Any fraudulent, dishonest or criminal act by an "identity recovery insured," or any person aiding or abetting an "identity recovery insured," or by any

authorized representative of an "identity recovery insured," whether acting alone or in collusion with others. However, this exclusion shall not apply to the interests of an "insured" who has no knowledge of or involvement in such fraud, dishonesty or criminal act.

3. Loss other than "identity recovery expenses."
4. An "identity theft" that is first discovered by the "identity recovery insured" prior to or after the policy period for which this coverage applies. This exclusion applies whether or not such "identity theft" began or continued during the period of coverage.
5. An "identity theft" that is not reported to us within 60 days after it is first discovered by the "identity recovery insured."
6. An "identity theft" that is not reported in writing to the police.

C. LIMITS OF INSURANCE

1. Case Management Service is available as needed for any one "identity theft" for up to 12 consecutive months from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the amount of limit available for Expense Reimbursement coverage.
2. Expense Reimbursement coverage is subject to a limit of \$25,000 annual aggregate per "identity recovery insured." Regardless of the number of claims, this limit is the most we will pay for the total of all loss or expense arising out of all "identity thefts" to any one "identity recovery insured" which are first discovered by the "identity recovery insured" during a 12-month period starting with the beginning of the present annual policy period. If an "identity theft" is first discovered in one policy period and continues into other policy periods, all loss and expense arising from such "identity theft" will be subject to the aggregate limit applicable to the policy period when the "identity theft" was first discovered.
 - a. Legal costs as provided under paragraph d. of the definition of "identity recovery expenses" are part of, and not in addition to the Expense Reimbursement coverage limit.

- b. Lost Wages and Child and Elder Care Expenses as provided under paragraphs e. and f. of the definition of "identity recovery insured" are jointly subject to a sublimit of \$250. per day, not to exceed \$5,000. in total. This sublimit is part of, and not in addition to the Expense Reimbursement coverage limit. Coverage is limited to lost wages and expenses incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."
- c. Mental Health Counseling as provided under paragraph g. of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to the Expense Reimbursement coverage limit. Coverage is limited to counseling that takes place within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

D. DEDUCTIBLE

Case Management Service is not subject to a deductible.

Expense Reimbursement coverage is subject to a deductible of \$250. Any one "identity recovery insured" shall be responsible for only one deductible under this Identity Recovery Coverage during any one policy period.

E. CONDITIONS

The following additional conditions are added to **Section F. – Commercial Property Conditions** and apply to this coverage:

1. Assistance and Claims

For assistance, the "identity recovery insured" should call the **Identity Recovery Help Line at 1-877-CNA-ASAP (1-877-262-2727) CNA Claims.**

The Identity Recovery Help Line can provide the "identity recovery insured" with:

- a. Information and advice for how to respond to a possible "identity theft"; and
- b. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an "identity recovery insured" prior to a determination that a covered "identity theft" has occurred. Our provision of such services is not an admission of liability under the policy. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered "identity theft" has not occurred.

As respects Expense Reimbursement coverage, the "identity recovery insured" must send to us within 60 days after our request, receipts, bills or other records that support his or her claim for "identity recovery expenses."

2. Services

The following conditions apply as respects any services provided by us or our designees to any "identity recovery insured" under this endorsement:

- a. Our ability to provide helpful services in the event of an "identity theft" depends on the cooperation, permission and assistance of the "identity recovery insured."
- b. All services may not be available or applicable to all individuals. For example, "identity recovery insureds" who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
- c. We do not warrant or guarantee that our services will end or eliminate all problems associated with an "identity theft" or prevent future "identity thefts."

3. Computer Security

It is the responsibility of each "identity recovery insured" to use and maintain his or her computer system security, including personal firewalls, anti-virus software and proper disposal of used hard drives.

F. DEFINITIONS

With respect to the provisions of this endorsement only, the following definitions are added to **Section G. – Property Definitions:**

- 1. "Identity Recovery Case Manager" means one or more individuals assigned by us to assist an "identity recovery insured" with communications we deem necessary for re-establishing the integrity of the personal identity of the "identity recovery insured." This includes, with the permission and cooperation of the "identity recovery insured," written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.
- 2. "**Identity Theft**" means the fraudulent use of the social security number or other method of identifying an "identity recovery insured." This includes fraudulently using the personal identity of an "identity recovery insured" to establish credit accounts, secure loans, enter into contracts or commit crimes.

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"Identity theft" does not include the fraudulent use of a business name, d/b/a/ or any other method of identifying a business activity.

"Identity theft" does not include the unauthorized use of a valid credit card, credit account or bank account. However, "identity theft" does include the fraudulent alteration of account profile information, such as the address to which statements are sent.

3. **"Identity Recovery Expenses"** means the following when they are reasonable and necessary expenses that are incurred in the United States or Canada as a direct result of an "identity theft":

- a. Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an "identity theft."
- b. Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of your efforts to report an "identity theft" or amend or rectify records as to your true name or identity as a result of an "identity theft."
- c. Costs for up to twelve (12) credit reports from established credit bureaus dated within 12 months after your knowledge or discovery of an "identity theft."

d. Legal Costs

Fees and expenses for an attorney approved by us for:

- (1) Defending any civil suit brought against an "identity recovery insured" by a creditor or collection agency or entity acting on behalf of a creditor for non-payment of goods or services or default on a loan as a result of an "identity theft"; and
- (2) Removing any civil judgment wrongfully entered against an "identity recovery insured" as a result of the "identity theft."

e. Lost Wages

Actual lost wages of the "identity recovery insured" for time reasonable and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self employment. Necessary time off does not include time off to do tasks that could reasonable have been done during non-working hours.

f. Child and Elder Care Expenses

Actual costs for supervision of children or elderly or infirm relatives or dependents of the "identity recovery insured" during time reasonable and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."

g. Mental Health Counseling

Actual costs for counseling from a licensed mental health professional. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."

4. **"Identity Recovery Insured"** means the following:

- a. The owner of the entity insured under this policy who meets any of the following criteria:
 - (1) A sole proprietor of the insured entity;
 - (2) A partner in the insured entity; or
 - (3) An individual having an ownership position of 20% or more of the insured entity.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

A. The following exclusion is added to Section **B. EXCLUSIONS** of the Businessowners Liability Coverage Form:

2. Exclusions

This insurance does not apply to:

q. Recording And Distribution Of Material Or Information In Violation Of Law

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

- (1)** The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2)** The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3)** The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4)** Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

B. The following exclusion is added to Section **B. EXCLUSIONS**, Paragraph **p. Personal And Advertising Injury**:

2. Exclusions

This insurance does not apply to:

(15)Recording And Distribution Of Material Or Information In Violation Of Law

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1)** The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2)** The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3)** The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4)** Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME AND EXTRA EXPENSE – DEPENDENT PROPERTY

This endorsement modifies insurance provided under the following:

BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6. Coverage Extensions**.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Business Income and Extra Expense – Dependent Property

1. When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur due to the "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by direct physical loss or damage at the premises of a Dependent Property, caused by or resulting from a Covered Cause of Loss.
2. Dependent Property means property operated by other whom you depend on to:
 - a. Deliver materials or services (other than "water supply services," "communication supply services" or "power supply services") to you, or to others for your account (Contributing Locations);
 - b. Accept your products or services (Recipient Locations);
 - c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
 - d. Attract customers to your business (Leader Locations).
3. With respect to this Coverage Extension, the "period of restoration":
 - a. Begins 24 hours after the time of direct physical loss or damage caused by or

resulting from any Covered Cause of Loss at the premises of the Dependent Property;

- b. Ends on the date when the property at the premises of the Dependent Property should be repaired, rebuilt or replaced with reasonable speed and similar quality; and
- c. Does not include any increased period required due to the enforcement of any ordinance or law that:
 - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."
4. This Coverage Extension:
 - a. Applies to Dependent Property premises located within the Coverage Territory; and
 - b. Does not apply when you have more specific insurance under any other policy.
5. We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations" in whole or in part, by using any other available:
 - a. Source of materials; or
 - b. Outlet for your products.
6. The most we will pay for Business Income and Extra Expense under this Coverage Extension is \$10,000, or the limit shown in the Declarations, whichever is higher, regardless of the number of described premises or number of Dependent Properties involved.
7. Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
BUSINESS INCOME AND EXTRA EXPENSE –
NEWLY ACQUIRED LOCATIONS

This endorsement modifies insurance provided under the following:

BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM
 BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.6. Coverage Extensions**.

Unless otherwise stated, payments made under the following Coverage Extension is subject to and not in addition to the applicable Limits of Insurance.

Business Income and Extra Expense – Newly Acquired Premises

1. When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the actual loss of Business Income and necessary Extra Expense you incur due to the "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by or resulting from a Covered Cause of Loss at any premises you newly acquire by purchase or lease (other than at fairs, trade shows or exhibitions).

2. The most we will pay under this coverage for the sum of Business Income and Extra Expense incurred is \$250,000 at each location.
3. Insurance under this extension for each newly acquired location will end when any of the following first occurs:
 - a. This policy expires;
 - b. 90 days expire after you acquire or begin to construct the property;
 - c. You report the location to us;
 - d. The Business Income or Extra Expense is more specifically insured.

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

4. Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

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Policy Holder Notice

HOW TO REPORT A CLAIM

Thank you for choosing CNA!

With your CNA Connect® Businessowners Insurance Policy, you have insurance coverage tailored to meet the needs of your business. The international network of insurance professionals and the financial strength of CNA, rated "A" by A.M. Best, provide resources to help you manage the daily risks of your organization so you may focus on what's most important to you.

Claim Services

Claims are reported through a single point of entry available 24/7, connecting you to individuals and information to help you resume your business when you need it most.

- To report a loss go to www.FNOLCNA.com or send an email to ReportClaim@FNOLCNA.com , or call 833-FNOL-CNA (833-366-5262)
- To request loss runs send an email to fsrmail@cnacentral.com
- For additional questions call CNA Customer Service at (877)-574-0540, or contact your independent CNA Insurance Agent.

Policy Information

CNA representatives may ask you for some of the following information:

Insured Name:

ARASH EMAMI, MD, PC, INC.
C/O CHARLES LOTA CPA
6 PROSPECT AVE., SUITE 3A
MIDLAND PARK, NJ 07432-1634

Producer Information:

STRATEGIC INSURANCE PARTNERS, INC.
492 FRANKLIN AVE.

NUTLEY, NJ 07110

Policy Number:

6020875374

Producer Processing Code:

033810

Policy Period:

12/16/2019 to 12/16/2020

Renewal

CNA Branch:

NEW JERSEY BRANCH.
184 LIBERTY CORNER RD STE 402
WARREN, NJ 07054

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POLICY LIMITATION DISCLOSURE NOTICE New Jersey Changes - Exclusion - Liability for Hazards of Lead

IMPORTANT INFORMATION FOR OUR CNA CONNECT POLICYHOLDERS

No Coverage is provided by this policyholder notice, nor can it be construed to replace any provisions of your policy. You should read your policy and review your declarations page for complete information on the coverage you are provided. If there is any conflict between the policy and this summary, the provisions of the policy shall prevail.

Please read your policy, the endorsements attached to your policy and this notice carefully.

This policy contains the exclusion titled New Jersey Changes - Exclusion - Liability for Hazard of Lead.

We are required to offer liability coverage for lead paint or lead contamination if the premises, constructed prior to 1978, covered by such policy, has been certified as being free of existing lead hazards, pursuant to standards to be established by the Department of Community Affairs. Please contact your agent if your premises has been so certified and is currently subject to the New Jersey Changes - Exclusion - Liability for Hazards of Lead.

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151 N. Franklin St.
Chicago, IL 60606

Policy Number	From	Policy Period	To	Coverage Is Provided By	Agency
B6020875374	12/16/19	12/16/20		Transportation Insurance Company	033810190
Named Insured And Address				Agent	
ARASH EMAMI, MD, PC, INC. C/O CHARLES LOTA CPA 6 PROSPECT AVE., SUITE 3A MIDLAND PARK, NJ 07432-1634				STRATEGIC INSURANCE PARTNERS, INC. 492 FRANKLIN AVE. NUTLEY, NJ 07110	

** PAYMENT PLAN SCHEDULE **

THE BILLING FOR THIS POLICY WILL BE
FORWARDED TO YOU DIRECTLY FROM CNA.

THE PREMIUM AMOUNT FOR THIS TRANSACTION
IS \$4,498.70 .

THIS PREMIUM WILL BE INVOICED BY CNA ON
A SEPARATE STATEMENT ACCORDING TO THE
PAYMENT OPTION YOU SELECT.

ISSUE DATE 10/22/19



5002007460208753742280



END OF COPY

EXHIBIT B

Seven I. Adler, Member
Direct Dial: 973.243.7930

Email: sadler@lawfirm.ms



attorneys at law

New Jersey • New York • Florida
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Suite 105
Roseland, New Jersey 07068
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f. 973.325.7467

July 30, 2020

**PRIVILEGED AND CONFIDENTIAL SETTLEMENT COMMUNICATION
NOT TO BE UTILIZED FOR ANY PURPOSE IN ANY PROCEEDING**

VIA EMAIL RYAN.CARBAH@CNA.COM

Ryan Carbah
Claim Representative
CNA Transportation Insurance Company
P.O. Box 8317
Chicago, IL 60680

**RE: Claim Reference No. 2RA05789
Insured: Arash Emami, MD, PC, Inc.
Underwriting Company: Transportation Insurance Company
Policy Number: B 6020875374
Policy Period: 12/16/2019 to 12/16/2020**

Dear Mr. Carbah:

This law firm has been retained by Arash Emami, MD, PC, Inc. (the “Practice”) with regard to the Practice’s significant claims under the “All Risks” insurance policy identified above (the “Policy”) issued by Transportation Insurance Company (“CNA”). If the parties are unable to promptly arrive at a fair resolution of the Practice’s claims, we have been authorized to immediately commence litigation against CNA to recover all damages sustained by the Practice as a result of, among other things, the global pandemic virus and civil authorities’ responses thereto. We write to set forth the operative facts that will underly the lawsuit and thereby provide CNA with an opportunity to resolve this dispute short of litigation.

As we are sure CNA is well aware, the Policy, which is an “All-Risks” commercial policy, covers every risk that the policy does not specifically exclude. In relevant part, under the Policy CNA agreed to reimburse the Practice for actual business losses incurred when business operations are involuntarily suspended, interrupted, curtailed, even when there is simply a risk of loss, or when access to the premises is restricted or prohibited or by civil authority order. The Policy ***does not*** exclude losses, business, or property damage from a virus or a global pandemic. Given that

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the Policy does include a “bacteria” exclusion, but not a “virus” exclusion, there is no question that CNA, as the drafter of the policy, intended to cover risks posed by viruses.¹

The virus is physically impacting public and private property, and physical spaces around the world. The global pandemic is exacerbated by the fact that the deadly virus physically infects and remains on the surface of objects or materials, “fomites,” for up to twenty-eight (28) days, particularly in humid areas below eighty-four degrees. Any effort by CNA to deny the reality that the virus causes physical damage and loss would constitute bad faith.

In response to the pandemic, New Jersey Governor Phil Murphy (“Governor Murphy”), in his official capacity as Governor of New Jersey, issued multiple Executive Orders, including Executive Order No. 109, prohibiting elective surgeries and all elective invasive procedures beginning on March 27, 2020 after 5:00 p.m. The Covid-19 pandemic, including actions taken by state officials, is physically impacting private commercial property. Governor Murphy’s closure and social distancing orders stemmed from the fact that the physical premises of businesses, including essential businesses such as the Practice, posed a risk of infecting the public with the Coronavirus, considering that the virus could spread through the air and on the surfaces of these premises. As a result, the Practice was compelled to suspend its business operations. Simply put, the Practice was unable to use the property for its intended purposes (i.e., a loss of function), which, under New Jersey law, is recognized as a direct physical loss.

Under the Practice's Policy, Business Income is defined as the net income of the business that would have been earned. As of the date of this letter, the Practice has sustained damages of approximately \$10 million.²

Over the past four years, from March 15 to June 15, the Practice has averaged charges in the amount of \$31,911,520.00. Historically, the Practice has collected eighteen (18%) percent or more of its gross billings (“Historical Collection Rate”). Although the Practice is able to collect a higher collection rate, for the purposes of this demand letter, we will assume conservatively that the Practice has a collection rate according to his Historical Collection Rate.³ Accordingly, its actual losses from March 15 to June 15, 2020 would be approximately \$4,250,000.

The Practice is now operating at a limited capacity due to mandatory social distancing regulations set forth by Governor Murphy. Moreover, the Practice continues to sustain damages because it cannot immediately return to the full scale at which it operated prior to the Covid-19 global pandemic emergency. Conservatively, we have calculated the Practice’s losses from June 16 through October 15, 2020 to be approximately \$5.7 million.

Although we and the Practice are confident that we would be successful in any litigation to enforce the Practice’s rights to business interruption benefits under the Policy, the Practice is

¹ It is well-established, in the State of New Jersey, that any ambiguity in the Policy would be construed to the benefit of the Practice, as the insured.

²This is our best estimate to date. If this matter proceeds to litigation, our forensic accounting expert will provide a formal report.

³Should this matter proceed to litigation, we reserve the right to apply a collection rate that is in excess of 18%.

amenable to exploring a confidential settlement of its claims without the need for litigation. If CNA is interested in commencing a dialogue on that subject, please advise.

Should we fail to hear from you within ten (10) business days of your receipt of this letter, we will assume that the CNA has no interest in amicably resolving this dispute and we will proceed to commence litigation. We hope this will not be necessary.

This letter is submitted without prejudice to the Practice's rights, all of which are expressly reserved. It is submitted for settlement purposes only. We await your prompt reply.

Sincerely,

/s/ Steven I. Adler

SIA:bp

STEVEN I. ADLER

EXHIBIT C



*Transportation Insurance Company
PO Box 8317
Chicago, IL 60680*

Deborah Larsen
*Claims Representative
Telephone 312.822.4405
Deborah.Larsen@cna.com*

August 11, 2020

Mr. Steven I. Adler
Mandelbaum Salsburg
3 Becker Farm Rd.
Ste. 105
Roseland, NJ 07068-1745

Re: Claim Reference No.: 2RA05789
Insured: Arash Emami, MD, PC, Inc.
Underwriting Company: Transportation Insurance Company
Policy Number: 6020875374
Reported Date of Loss: March 16, 2020

Dear Mr. Steven Adler,

The purpose of this letter is to acknowledge receipt of your email and attached letter on July 30, 2020 in regard to Transportation Insurance Company's ("TIC's") coverage position letter dated June 8, 2020 (the "Letter").

We received from our insured, Arash Emami, MD, PC, Inc. ("AEM"), New Jersey Executive Orders 109 and 145. Executive Order 109 which state that "the CDC has advised that social mitigation strategies for combatting COVID-19 require every effort to reduce the rate of community spread of the disease and that COVID-19 spreads most frequently through person-to-person contact when individuals are within six feet or less of one another". Executive Order 109 limits non-essential adult elective surgery and invasive procedures to "assist in the management of vital healthcare resources during this public health emergency". Executive Order 145 rescinds Executive Order 109, with elective surgeries and invasive procedures resuming, subject to limitations and precautions set forth in policies issued by the Department of Health, in consultation with the Division of Consumer Affairs. We also received additional information during a phone call on May 22, 2020 with our insured in which he stated there was no physical damage to business personal property at either of the scheduled premises, 504 Valley Road, Wayne, NJ 07470 or 915 Clifton Avenue, Clifton, NJ 07015, nor was he aware that anyone in either office had been exposed to or contracted COVID-19.

Your Letter states, in part, the following:

"The Policy does not exclude losses, business, or property damage from a virus or a global pandemic."

Mr. Steven Adler
 August 11, 2020
 Page 2 of 4

While we understand the difficulties that COVID-19 has presented for AEM, our investigation of the information provided by AEM, and our review of the Policy, indicates that AEM's claim does not trigger coverage under the terms of its Policy with TIC, which requires "direct physical loss of or damage to property...caused by a covered peril." As set forth in our June 8, 2020 letter, AEM's claim was denied based on the facts presented to us, as applied to the Policy's terms.

In response to our inquiries during the claim investigation, AEM did not report that any of its insured locations or dependent properties sustained direct physical loss or damage as a result of the COVID-19 pandemic. We were told that, to the best of AEM's knowledge, its loss of business income was not the result of physical damage to property. Thus, the facts presented to us do not trigger the Business Property Coverage, the Time Element Coverage, or the Policy's Denial of Access Coverage, which are similarly conditioned on "direct physical loss of or damage to property."

Your also letter states the following:

"The virus is physically impacting public and private property, and physical spaces around the world. The global pandemic is exacerbated by the fact that the deadly virus physically infects and remains on the surface of objects or materials, "fomites," for up to twenty-eight (28) days, particularly in humid areas below eighty-four degrees."

We have no indication or evidence that the virus was present at the Insured's premises. Notwithstanding this, the possibility that the coronavirus is on surfaces or objects at AEM's premises is insufficient to establish "direct physical loss of or damage to" covered property. According to CDC guidelines, "[c]oronaviruses on surfaces and objects die naturally within hours to days" and can be removed with "[n]ormal routine cleaning with soap and water" or killed with disinfectants ([cdc.gov/coronavirus/2019-ncov/community/reopen-guidance.html](https://www.cdc.gov/coronavirus/2019-ncov/community/reopen-guidance.html)). We have received no information relative to physical loss or damage sustained by the Insured. Rather, the claim reported is limited to AEM's loss of revenue. Your letter further states that:

"...the physical premises of businesses, including essential businesses such as the Practice, posed a risk of infecting the public with the Coronavirus, considering that the virus could spread through the air and on the surfaces of these premises. As a result, the Practice was compelled to suspend its business operations. Simply put, the Practice was unable to use the property for its intended purposes (i.e., a loss of function)..."

Section 2. B. (Page 21) of the Policy concerning Consequential Loss, provides in relevant part:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

B. EXCLUSIONS

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

b. Consequential Loss

Mr. Steven Adler
August 11, 2020
Page 3 of 4

Delay, loss of use or loss of market.

As stated above, and in our coverage position Letter, coverage is conditioned on “direct physical loss of or damage to covered property. . . at covered Locations.” To date, AEM has not provided any evidence that would satisfy that condition. Specifically, we have not received any evidence or information of actual, demonstrable harm of some form to any insured premises. Nevertheless, you contend that “the Practice was unable to use the property for its intended purposes.” A limitation on the usefulness of properties is not “direct physical loss of or damage” to property, and that requirement is not met whenever property cannot be used for its intended purpose. In the context of the coverage offered by the Policy at issue, the phrase “direct physical loss of” the insured property clearly requires a physical loss of the property itself, or physical damage to it. An interpretation that would allow coverage for the Insured’s claim here would render meaningless the words “physical” and “of”, which convey that the physical loss or damage must be of or to the property itself. Again, we have not been advised of the presence of the virus at any covered location, nor have we been informed that the presence of the virus at any covered location caused a physical loss of that property. The “physical loss of property” or “damage to” it needs to be a result of a covered peril not excluded or limited under the Policy.

You indicate in your letter, “Given that the Policy does include a ‘bacteria’ exclusion, but not a ‘virus’ exclusion, there is no question that CNA, as the drafter of the policy, intended to cover risks posted by viruses”.

We respectfully disagree with your assertion. In our original coverage letter, we identified a number of Exclusions that may bar coverage for property damage and/or loss of business income caused by COVID-19; however, we would first need to be presented with factual information concerning direct physical loss of or damage to specific, identifiable property that triggers coverage in the first instance before we can evaluate whether the cause of that physical loss or damage is an excluded cause of loss.

We have reviewed your request to reconsider the coverage decision based on the facts of the loss and coverage under the Policy. TIC conducts coverage investigations on a case by case basis, specific to the loss details and the policy held by the Insured. Unfortunately, the requirements of the insuring agreement under AEM’s property Policy have not been met based on the facts of the loss. There is no demonstrable harm of some form to the covered property itself that would satisfy the direct physical loss requirement of the Policy.

In sum, we have taken into consideration your statements; however, the facts of the loss remain that AEM has not suffered a direct physical loss of property, which is necessary to trigger coverage under the Policy.

Mr. Steven Adler
August 11, 2020
Page 4 of 4

Upon receipt and review of this letter, if you believe there is additional information that TIC should consider, please provide us promptly so that we can review the information you would like us to consider and assess whether it affects TIC coverage determination.

The coverage issues and views described above are not intended in any way to be exhaustive or exclusive, and we expressly reserve all of our rights under the Policy, including, but not limited to, the right to raise additional policy terms and conditions as defenses to coverage, as appropriate, including in response to any additional information you may present.

Please be further advised that if you disagree with Continental's coverage position, you may request reconsideration of that decision, which is referred to as an internal appeal. An internal appeal must be submitted to Yvette Whittler, CNA, Claim Compliance Manager, by mail at 151 N. Franklin St., 15th Floor, Chicago, IL 60606, by fax at 312-470-3273 or by e-mail NJAppealProcess@cna.com. Following receipt of your written appeal request, it will be submitted to CNA's Internal Appeals Panel for review. The Internal Appeals Panel will review your written appeal request and provide a decision to you within ten (10) business days of receipt in our offices. Any questions concerning CNA's internal appeals process may be directed to Yvette Whittler at 312-822-5946.

Sincerely,

Deb Larsen
Claims Representative