

CLAIM REPORTING INFORMATION

Your Great American Risk Solutions team is committed to providing quality claims service. In the event of a claim to which this policy may apply, please send immediate written notice to:

Great American Risk Solutions Claims Department

Email: garsclaims@graig.com

or

Fax: 513-412-8435

To help make claim reporting fast and efficient, please be ready to share with us as much of the following information as possible:

- Policy number
- Date, time, and location of the accident or loss
- A brief description of the loss
- Contact information for the involved parties including the policyholder
- All other pertinent documents and photos

Please refer to your policy for specific claim reporting requirements and all other terms and conditions.

PLEASE READ THIS CAREFULLY.

DELAWARE SURPLUS LINES NOTIFICATION

THIS INSURANCE CONTRACT IS ISSUED PURSUANT TO THE DELAWARE INSURANCE LAWS BY AN INSURER NEITHER LICENSED BY NOR UNDER THE JURISDICTION OF THE DELAWARE INSURANCE DEPARTMENT. THIS INSURER DOES NOT PARTICIPATE IN INSURANCE GUARANTY FUNDS CREATED BY STATE LAW. IN THE EVENT OF THE SOLVENCY OF THE SURPLUS LINES INSURER, LOSSES WILL NOT BE PAID BY THE STATE INSURANCE GUARANTY FUND.

SIGNATURE OF BROKER OR AUTHORIZED REPRESENTATIVE

NAME OF BROKER OR AUTHORIZED REPRESENTATIVE

POLICYHOLDER NOTICE**WATER EXCLUSION****(Applicable to Commercial Property Policies)**

THIS DISCLOSURE NOTICE DOES NOT PROVIDE COVERAGE NOR DOES THIS NOTICE REPLACE ANY PROVISION OF YOUR POLICY.

YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED.

IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS SUMMARY, THE PROVISIONS OF THE POLICY PREVAIL.

ABOUT THE WATER EXCLUSION:

Your policy does NOT provide coverage for flood. Your policy contains an exclusion that states that loss caused directly or indirectly by Water, meaning:

- (1) flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) mudslide or mudflow;
- (3) water that backs up or overflows from a sewer, drain or sump; or
- (4) water under the ground surface pressing on, or flowing or seeping through:
 - (a) foundations, walls, floors or paved surfaces;
 - (b) basements, whether paved or not; or
 - (c) doors, windows or other openings;
- (5) waterborne material carried or moved by any of the water referred to in paragraph (1), (3) or (4) above, or material carried or moved by mudslide or mudflow;

is not covered. If fire, explosion or sprinkler leakage results from water, as described above, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

The water exclusion applies whether caused by an act of nature, man-made, or is otherwise caused.

You may need to consider the purchase of flood insurance. Your insurance policy does not include coverage for damage resulting from a flood even if hurricane winds and rain caused the flood to occur. Without separate flood insurance coverage, you may have uncovered losses caused by a flood. Please discuss the need to purchase separate flood insurance coverage with your insurance agent or insurance company, or visit www.floodsmart.gov for the National Flood Insurance Program.

STATUTORY HOME OFFICE

The statutory home office of

Great American Risk Solutions Surplus Lines Insurance Company

is: Great American Insurance
 301 E 4th Street
 Cincinnati, Ohio 45202-4201

The mailing address of

Great American Risk Solutions Surplus Lines Insurance Company

is: 301 E 4th Street
 Cincinnati, Ohio 45202-4201
 513-369-5000

Summary of Charges

Premium	\$167,846.00
Inspection Fee - Company	\$1,250.00
Broker Fee	\$1,500.00
DE Surplus Lines Tax	\$5,117.88
Total	\$175,713.88

Zip Code - 19713

RSP 70 00 08 24

Policy Number: CPPF418709-00
Renewal Of:NEW

COMMERCIAL PROPERTY POLICY DECLARATIONS

PRODUCER NAME AND ADDRESS: CRC Insurance Services Inc. 101 West Ave Ste 150 Jenkintown, PA 19046-2041	POLICY PERIOD: From 10/29/2025 To 10/29/2026
NAMED INSURED AND MAILING ADDRESS:	
Village of Fountainview Condo Association c/o FirstService Residential 5301 Limestone Road, Suite 228 Wilmington, DE 19808	
IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS AND CONDITIONS OF THIS POLICY, WE AGREE TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.	
Insurance is afforded by:	Great American Risk Solutions Surplus Lines Insurance (A capital stock corporation) Company

Limit: **\$42,185,436 Total Insured Values**

Premiums:

Property (Pure) Premium	\$156,845
Premium For Equipment Breakdown	\$3,501
Premium For Ordinance or Law - Full A, B&C Combined	\$7,500
Total Premium:	\$167,846

- Minimum Policy Premium: \$ 167,846
- Minimum Retained Premium: 35 % of Advanced Premium

Inspection Fee **\$1,250**

TIV Breakdown:	\$41,090,436	Building
	\$20,000	Business Personal Property
	\$1,075,000	Business Income w/ Extra Expense

\$42,185,436 Total Insured Values

Premises and Coverages

Prem #	Bldg #	Premises Address
1	1	1000 Fountainview Cir, Newark, DE 19713
2	1	3000 Fountainview Cir, Newark, DE 19713
3	1	2, 4, 6, 8, 10 Fountainview Dr, Newark , DE 19713

Prem #	Bldg #	Premises Address
4	1	13,15,17,19 Fountainview Dr, Newark, DE 19713
5	1	14,16,18,20,22 Fountainview Dr, Newark, DE 19713
6	1	26,28,30,32,34,36 Fountainview Dr, Newark, DE 19713
7	1	1,3,5,7,9 Fountainview Dr, Newark, DE 19713
8	1	2000 Fountainview Cir, Newark , DE 19713
9	1	1000 Fountainview Cir, Newark, DE 19713

Deductibles				
Prem #	Bldg #	Amount	Deductible	Deductible Type
All	All	\$25,000	AOP	Per Occurrence
All	All	1% subject to \$421,854 minimum	Wind/Hail	Per Occurrence
1	1	\$250,000	Water Damage	Per Occurrence
2	1	\$250,000	Water Damage	Per Occurrence
3	1	\$100,000	Water Damage	Per Occurrence
4	1	\$100,000	Water Damage	Per Occurrence
5	1	\$100,000	Water Damage	Per Occurrence
6	1	\$100,000	Water Damage	Per Occurrence
7	1	\$100,000	Water Damage	Per Occurrence
8	1	\$250,000	Water Damage	Per Occurrence

Schedule of Values and Coverages						
Prem #	Bldg #	Covered Property	Limit	Coininsurance	Cause of Loss	Valuation
1	1	Building	\$10,997,548	NIL	Special	Replacement Cost
1	1	Business Income w/ Extra Expense	\$1,075,000	100%	Special	
Premises 1 TIV:			\$12,072,548			
2	1	Building	\$10,997,548	NIL	Special	Replacement Cost
Premises 2 TIV:			\$10,997,548			
3	1	Building	\$1,374,646	NIL	Special	Replacement Cost
Premises 3 TIV:			\$1,374,646			
4	1	Building	\$1,246,154	NIL	Special	Replacement Cost
Premises 4 TIV:			\$1,246,154			
5	1	Building	\$1,743,196	NIL	Special	Replacement Cost
Premises 5 TIV:			\$1,743,196			
6	1	Building	\$2,091,180	NIL	Special	Replacement Cost
Premises 6 TIV:			\$2,091,180			
7	1	Building	\$1,617,616	NIL	Special	Replacement Cost
Premises 7 TIV:			\$1,617,616			
8	1	Building	\$10,997,548	NIL	Special	Replacement Cost
Premises 8 TIV:			\$10,997,548			

Prem #	Bldg #	Covered Property	Limit	Coinssurance	Cause of Loss	Valuation
9	1	Building	\$25,000	NIL	Special	Replacement Cost
9	1	Business Personal Property	\$20,000	NIL	Special	Replacement Cost
Premises 9 TIV:			\$45,000			
All Premises Total TIV:			\$42,185,436			

Ordinance or Law Coverage

Refer to CP0405.09.17 for additional information.

Equipment Breakdown Coverage

Refer to RSP0579.03.25 for additional information.

FORMS AND ENDORSEMENTS applicable to all Coverage Forms and made part of this policy at time of issue are listed on the attached Forms and Endorsements Schedule.

Melissa Hallmark License Number 3002399246

This insurance contract is issued pursuant to the Delaware Insurance Laws by an insurer neither licensed by nor under the jurisdiction of the Delaware Insurance Department. This insurer does not participate in insurance guaranty funds created by state law. In the event of the insolvency of the surplus lines insurer, losses will not be paid by the state insurance guaranty fund.

FORMS AND ENDORSEMENTS SCHEDULE

It is here by understood and agreed the following forms and endorsements are attached to and are a part of this policy:

Form and Edition	ST	Date Added *		Form Description
		Date Deleted	or	
1 RSP7124 11/22	DE			Schedule of Locations
2 CP0030 10/12	DE			Business Income (and Extra Expense) Coverage Form
3 CP1030 09/17	DE			Causes of Loss-Special Form
4 CP0017 10/12	DE			Condominium Association Coverage Form
5 CP0405 09/17	DE			Ordinance or Law Coverage
6 RSP7108 09/24	DE			Amendment - Conditions - Minimum Retained Premium
7 RSP7142 06/25	DE			Amendment-Additional Property Not Covered
8 CP0299 06/07	DE			Cancellation Changes
9 CP0090 07/88	DE			Commercial Property Conditions
10 IL0017 11/98	DE			Common Policy Conditions
11 RSM7122 01/25	DE			General Service of Suit Endorsement
12 IL7324 07/21	DE			Global Sanction Endorsement
13 RSP7132 06/24	DE			Amendment - Appraisal Loss Condition
14 IL7268 09/09	DE			In Witness Clause
15 RSP0579 03/25	DE			Equipment Breakdown Coverage
16 RSP7107 01/25	DE			Multiple Deductible Form (Fixed Dollar Deductible)
17 CP0411 09/17	DE			Protective Safeguards
18 RSP7106 03/23	DE			Limitation-Roof Surface Material-Actual Cash Value-Based On Materials And Age
19 RSP7147 04/25	DE			Limitations On Coverage For Roof Surfacing
20 RSP7100 01/19	DE			Protective Safeguards-Heat Warranty
21 RSP7121 10/22	DE			Windstorm or Hail Deductible - Flat Dollar or Percentage Subject to Minimum Deductible
22 CP1075 12/20	DE			Cyber Incident Exclusion
23 RSP7136 06/25	DE			Exclusion - Specified Electrical Systems
24 IL0935 07/02	DE			Exclusion of Certain Computer-Related Losses
25 CP0140 07/06	DE			Exclusion of Loss Due to Virus or Bacteria

Form and Edition		ST	Date Added *	Form Description
			or Date Deleted	
26	RSP7137	04/25	DE	Exclusion-Designated Causes of Loss
27	RSP7111	04/22	DE	Exclusion-Pre-Existing Damage
28	IL7210	01/20	DE	Disclosure Pursuant to Terrorism Risk Insurance Act
29	IL0953	01/15	DE	Exclusion of Certified Acts of Terrorism

* If not at inception

SCHEDULE OF LOCATIONS

Prem #	Bldg #	Address
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8	1	2000 Fountainview Cir, Newark , DE 19713
9	1	1000 Fountainview Cir, Newark, DE 19713

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

1. Business Income

Business Income means the:

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

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

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

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

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

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

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

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

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

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

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

2. Extra Expense

a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.

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

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

(1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

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

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

3. Covered Causes of Loss, Exclusions and Limitations

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

4. Additional Limitation - Interruption of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption of Computer Operations.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption of Computer Operations.

c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

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

5. Additional Coverages

a. Civil Authority

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

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

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

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

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

- (1) four consecutive weeks after the date of that action; or

(2) when your Civil Authority Coverage for Business Income ends;

whichever is later.

b. Alterations and New Buildings

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

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

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

c. Extended Business Income

(1) Business Income Other than "Rental Value"

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

- (a) begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) ends on the earlier of:

- (i) the date you could restore your "operations," with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
- (ii) 60 consecutive days after the date determined in (1)(a) above.

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

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

(2) "Rental Value"

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

- (a) begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) ends on the earlier of:

- (i) the date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if

no direct physical loss or damage had occurred; or

- (ii) 60 consecutive days after the date determined in (2)(a) above.

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

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

d. Interruption of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation - Interruption of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation - Interruption of Computer Operations does not apply based on paragraph A.4.d. therein.

- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

- (a) If the Causes of Loss - Special Form applies, coverage under this Additional

Coverage, Interruption of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.

- (b) If the Causes of Loss - Broad Form applies, coverage under this Additional Coverage, Interruption of Computer Operations, includes Collapse as set forth in that form.
- (c) If the Causes of Loss form is endorsed to add a Covered Cause of Loss, the Additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption of Computer Operations.
- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of inter-

ruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

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

6. Coverage Extension

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

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

- (1) this Policy expires;
- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) you report values to us.

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

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

B. Limits of Insurance

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

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

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

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

C. Loss Conditions

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

1. Appraisal

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

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

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

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

2. Duties in the Event of Loss

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

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

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

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

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

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

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

3. Loss Determination

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

(1) the Net Income of the business before the direct physical loss or damage occurred;

(2) the likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the

impact of the Covered Cause of Loss on customers or on other businesses;

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

(4) other relevant sources of information, including:

(a) your financial records and accounting procedures;

(b) bills, invoices and other vouchers; and

(c) deeds, liens or contracts.

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

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

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

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

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

c. Resumption of Operations

We will reduce the amount of your:

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

4. Loss Payment

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

- a.** we have reached agreement with you on the amount of loss; or
- b.** an appraisal award has been made.

D. Additional Condition

Coinsurance

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

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

- 1.** the Coinsurance percentage shown for Business Income in the Declarations; times
- 2.** the sum of:
 - a.** the Net Income (Net Profit or Loss before income taxes), and

- b.** operating expenses, including payroll expenses,

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

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

- Step (1):** multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this Policy by the Coinsurance percentage;
- Step (2):** divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3):** multiply the total amount of loss by the figure determined in Step (2).

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

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

- (1)** prepaid freight - outgoing;
- (2)** returns and allowances;
- (3)** discounts;
- (4)** bad debts;
- (5)** collection expenses;
- (6)** cost of raw stock and factory supplies consumed (including transportation charges);
- (7)** cost of merchandise sold (including transportation charges);
- (8)** cost of other supplies consumed (including transportation charges);

- (9) cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) all payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion - not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

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

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

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

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

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

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this

Policy at the described premises would have been:	\$400,000
The Coinsurance percentage is:	50%
The Limit of Insurance is:	\$200,000
The amount of loss is:	\$ 80,000

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

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

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

1. Maximum Period of Indemnity

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

2. Monthly Limit of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

- (1) the Limit of Insurance, multiplied by
- (2) the fraction shown in the Declarations for this Optional Coverage.

Example

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

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

The most we will pay for loss in each period of 30 consecutive days is: \$30,000

$(\$120,000 \times 1/4 = \$30,000)$

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

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

We will pay:

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

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

a. To activate this Optional Coverage:

(1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":

(a) during the 12 months prior to the date of the Work Sheet; and

(b) estimated for the 12 months immediately following the inception of this Optional Coverage.

(2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

(a) the Coinsurance percentage shown in the Declarations; multiplied by

(b) the amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

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

(1) 12 months after the effective date of this Optional Coverage; or

(2) the expiration date of this Policy;

whichever occurs first.

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

(1) within 12 months of the effective date of this Optional Coverage; or

(2) when you request a change in your Business Income Limit of Insurance.

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

(1) the Business Income Limit of Insurance; divided by

(2) the Agreed Value.

Example

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

Step (1): \$100,000 ∵ \$200,000 = .50

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

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

4. Extended Period of Indemnity

Under paragraph **A.5.c.**, **Extended Business Income**, the number 60 in subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

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

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

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

2. "Operations" means:

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

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

a. Begins:

- (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or

(2) immediately after the time of direct physical loss or damage for Extra Expense Coverage;

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

b. Ends on the earlier of:

(1) the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) the date when business is resumed at a new permanent location.

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

(1) regulates the construction, use or repair, or requires the tearing down, of any property; or

(2) requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

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

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

5. "Rental Value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, includ-

ing fair rental value of any portion of the described premises which is occupied by you; and

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

(1) payroll; and

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

6. "**Suspension**" means:

a. the slowdown or cessation of your business activities; or

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

CAUSES OF LOSS - SPECIAL FORM

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

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

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

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

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

b. Earth Movement

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

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

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

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

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

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

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

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

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

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

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

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

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

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any

of these, all whether or not driven by wind (including storm surge);

(2) Mudslide or mudflow;

(3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

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

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or

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

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

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

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

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

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

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

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

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

a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

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

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

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

- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.**
 - (1)** Wear and tear;
 - (2)** Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3)** Smog;
 - (4)** Settling, cracking, shrinking or expansion;
 - (5)** Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
 - (6)** Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
 - (7)** The following causes of loss to personal property:
 - (a)** Dampness or dryness of atmosphere;
 - (b)** Changes in or extremes of temperature; or
 - (c)** Marring or scratching.

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

- e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of

steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f.** Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1)** You do your best to maintain heat in the building or structure; or
 - (2)** You drain the equipment and shut off the supply if the heat is not maintained.
- h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

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

employees (including temporary employees and leased workers) or authorized representatives is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

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

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

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

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

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- 3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

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

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(3) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restora-

tion" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

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

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph B.1.a. Ordinance Or Law;

(b) Paragraph B.1.c. Governmental Action;

(c) Paragraph B.1.d. Nuclear Hazard;

(d) Paragraph B.1.e. Utility Services; and

(e) Paragraph B.1.f. War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

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

- (i) Your assumption of liability was executed prior to the accident; and**
- (ii) The building is Covered Property under this Coverage Form.**

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, mainten-

ance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

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

- 1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.**
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.**
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.**
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:**
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or**
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.**

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

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
- (2) Business Income Coverage or Extra Expense Coverage.

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

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

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

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

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

- a. Animals, and then only if they are killed or their destruction is made necessary.
- b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

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

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
- (2) To Business Income Coverage or to Extra Expense Coverage.

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

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

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

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

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

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

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

D. Additional Coverage - Collapse

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

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

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

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

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

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

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

- (1) A cause of loss listed in **2.a.** or **2.b.**;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

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

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

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;

- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

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

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

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

- a. The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

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

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

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

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

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

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

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

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

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

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

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

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

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

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

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

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

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

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, wind-storm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with an-

other vehicle or object. It does not mean your vehicle's contact with the roadbed.

- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

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

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

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

3. Glass

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

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

G. Definitions

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

2. "Specified causes of loss" means the following: fire; lightning; explosion; wind-storm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sink-hole 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 manmade underground cavities.

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

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

c. Water damage means:

(1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

(2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a portable water supply system or sanitary sewer system operated

by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

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

accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

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

CONDOMINIUM ASSOCIATION COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

- (1) completed additions;
- (2) fixtures, outside of individual units, including outdoor fixtures;
- (3) permanently installed:
 - (a) machinery; and
 - (b) equipment;

(4) personal property owned by you that is used to maintain or service the building or structure or its premises, including:

- (a) fire-extinguishing equipment;
- (b) outdoor furniture;
- (c) floor coverings; and

(d) appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;

(5) if not covered by other insurance:

(a) additions under construction, alterations and repairs to the building or structure;

(b) materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure; and

(6) any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:

(a) fixtures, improvements and alterations that are a part of the building or structure; and

(b) appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in paragraph **A.1.a.(6)** above.

b. Your Business Personal Property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:

- (1) personal property owned by you or owned indivisibly by all unit-owners;
- (2) your interest in the labor, materials or services furnished or arranged by you on personal property of others; and
- (3) leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

But Your Business Personal Property does not include personal property owned only by a unit-owner.

c. Personal Property of Others that is:

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

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

2. Property Not Covered

Covered Property does not include:

- a. accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. animals, unless owned by others and boarded by you;
- c. automobiles held for sale;

- d. bridges, roadways, walks, patios or other paved surfaces;
- e. contraband, or property in the course of illegal transportation or trade;
- f. the cost of excavations, grading, backfilling or filling;
- g. foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) the lowest basement floor; or
 - (2) the surface of the ground if there is no basement;
- h. land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. personal property while airborne or waterborne;
- j. bulkheads, pilings, piers, wharves or docks;
- k. property that is covered under this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. retaining walls that are not part of a building;
- m. underground pipes, flues or drains;
- n. electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic

instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;

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

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

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

This paragraph does not apply to:

- (a) vehicles or self-propelled machines or autos you manufacture or warehouse;
- (b) vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) rowboats or canoes out of water at the described premises; or
- (d) trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or

q. The following property while outside of buildings:

- (1) grain, hay, straw or other crops; or
- (2) fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes of Loss

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

4. Additional Coverages

a. Debris Removal

- (1) Subject to paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) remove debris of property of yours that is not insured under this Policy, or property in your possession that is not Covered Property;
 - (b) remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (c) remove property of others of a type that would not be Covered Property under this Coverage Form;
- (d) remove deposits of mud or earth from the grounds of the described premises;
- (e) extract "pollutants" from land or water; or
- (f) remove, restore or replace polluted land or water.

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

- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

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

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

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

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of paragraph (3).

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

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

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

b. Preservation of Property

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

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

c. Fire Department Service Charge

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

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

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up and Removal

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

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

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

e. Increased Cost of Construction

(1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.

(2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.

(3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

- (a) you were required to comply with before the loss, even when the building was undamaged; and
- (b) you failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) the enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus," wet or dry rot or bacteria; or

- (b) any costs associated with the enforcement of or compliance with an ordinance or

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

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

(a) We will not pay for the Increased Cost of Construction:

(i) until the property is actually repaired or replaced, at the same or another premises; and

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

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes of Loss - Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes of Loss - Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

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

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

a. Newly Acquired or Constructed Property

(1) Buildings

You may extend the insurance that applies to Building to apply to:

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

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

(2) Your Business Personal Property

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

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

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

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

(b) This Extension does not apply to:

- (i) personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired or Constructed Property, coverage will end when any of the following first occurs:

- (a) this Policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or
- (c) you report values to us.

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

b. Personal Effects and Property of Others

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

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your

employees. This Extension does not apply to loss or damage by theft.

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

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

c. Valuable Papers and Records (Other than Electronic Data)

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

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

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

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

applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off - premises

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

- (a) temporarily at a location you do not own, lease or operate;
- (b) in storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
- (c) at any fair, trade show or exhibition.

(2) This Extension does not apply to property:

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

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

e. Outdoor Property

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

- (1) fire;

- (2) lightning;
- (3) explosion;
- (4) riot or Civil Commotion; or
- (5) aircraft.

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

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others.

f. Non-owned Detached Trailers

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

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

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

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

- (b) during hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily in Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the described premises.
- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) will end 90 days after the business personal property has been placed in the storage unit;
 - (b) does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or Policy, and does not apply to loss or damage to the storage unit itself.

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

B. Exclusions and Limitations

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

C. Limits of Insurance

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

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

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

1. Fire Department Service Charge;
2. Pollutant Clean-up and Removal;

3. Increased Cost of Construction; and
4. Electronic Data.

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

D. Deductible

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

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

Example 1

(This example assumes there is no Coinsurance penalty.)

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

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

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

\$60,100	
- 250	

\$59,850 Loss Payable - Building 1

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

Total amount of loss payable:

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

Example 2

(This example, too, assumes there is no Co-insurance penalty.)

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

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

- a. pay its chosen appraiser; and

- b.** bear the other expenses of the appraisal and umpire equally.

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

3. Duties in the Event of Loss or Damage

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

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

Also, permit us to take samples of damaged and undamaged property for inspection, testing

and analysis, and permit us to make copies from your books and records.

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

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

4. Loss Payment

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

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

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

- b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d.** We will not pay you more than your financial interest in the Covered Property.
- e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage to covered property within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
 - (1)** we have reached agreement with you on the amount of loss; or
 - (2)** an appraisal award has been made.

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

- h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the

adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer of Rights of Recovery Against Others to Us Conditions in this Policy.

5. Recovered Property

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

6. Unit-owner's Insurance

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary and not to contribute with such other insurance.

7. Vacancy

a. Description of Terms

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

(a) When this Policy is issued to a tenant, and with respect to that tenant's interest in covered property, building means the unit or suite rented or leased to the tenant. Such building is vacant when

it does not contain enough business personal property to conduct customary operations.

- (b)** When this Policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (ii) used by the building owner to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

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

- (1)** We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) vandalism;
 - (b) sprinkler leakage, unless you have protected the system against freezing;
 - (c) building glass breakage;
 - (d) water damage;
 - (e) theft; or
 - (f) attempted theft.

- (2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we

will reduce the amount we would otherwise pay for the loss or damage by 15%.

8. Valuation

We will determine the value of covered property in the event of loss or damage as follows:

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

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value, even when attached to the building:

- (1)** awnings or floor coverings;
- (2)** appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3)** outdoor equipment or furniture.
- c.** Glass at the cost of replacement with safety-glazing material if required by law.

9. Waiver of Rights of Recovery

We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

F. Additional Conditions

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

1. Coinsurance

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

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

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

- (1) multiply the value of covered property at the time of loss by the Coinsurance percentage;
- (2) divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) subtract the deductible from the figure determined in Step (3).

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

Example 1 (Underinsurance)

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

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

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

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

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

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

Example 2 (Adequate Insurance)

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

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

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

Example 3

When: The value of property is:

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

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is:	\$180,000
The Deductible is:	\$1,000
The amount of loss is:	
Building at Location #2:	\$30,000
Personal Property at Location #2:	<u>\$20,000</u>
	<u>\$50,000</u>

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

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

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

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

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

2. Mortgageholders

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

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

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

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

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

f. If we cancel this Policy, we will give written notice to the mortgageholder at least:

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

G. Optional Coverages

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

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to covered property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance un-

der this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) on or after the effective date of this Optional Coverage; and
 - (2) before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

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

Example:

If: The applicable Limit of Insurance is: \$100,000

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

3. Replacement Cost

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

Under the terms of this Replacement Cost Optional Coverage, personal property owned indivisibly by all unit-owners, and the property covered under paragraph A.1.a.(6) of this Coverage Form, are not considered to be the personal property of others.

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

(1) until the lost or damaged property is actually repaired or replaced; and

(2) unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) the Limit of Insurance applicable to the lost or damaged property;
- (2) the cost to replace the lost or damaged property with other property:
 - (a) of comparable material and quality; and
 - (b) used for the same purpose; or
- (3) the amount actually spent that is necessary to repair or replace the lost or damaged property.

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

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

4. Extension of Replacement Cost to Personal Property of Others

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

b. With respect to replacement cost on the personal property of others, the following limitation applies:

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

H. Definitions

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Building Number/ Premises Number	Coverage A	Coverage B Limit Of Insurance	Coverage C Limit Of Insurance	Coverage B And C Combined Limit Of Insurance
All/All	(X)			\$ 1,099,755 *
Post-Loss Ordinance Or Law Option: Yes () No (X)				
* Do not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages B and C, or if one of these Coverages is not applicable.				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. Each Coverage - Coverage A, Coverage B and Coverage C - is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for that Coverage(s) in the Schedule.

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement applies with respect to an ordinance or law that regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises, subject to the following:

1. The requirements of the ordinance or law are in force at the time of loss. But if the Post-Loss Ordinance Or Law Option is indicated in the Schedule as being applicable, then Paragraph B.2. applies instead of this Paragraph B.1.
2. The requirements of the ordinance or law are in force at the time of loss; or the ordinance or law is promulgated or revised after the loss but prior to commencement of reconstruction or repair and provided that such ordinance or law requires compliance as a condition precedent to obtaining a building permit or certificate of occupancy.
3. Coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.
4. Coverage under this endorsement applies only if:
 - a. The building sustains only direct physical damage that is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or

b. The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.

However, there is no coverage under this endorsement if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, even if the building has also sustained covered direct physical damage.

5. If coverage applies under this endorsement based on the terms of Paragraph **B.4.b.**, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Paragraph **F**. of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B** and/or **C** of this endorsement.

6. We will not pay under this endorsement for:

- a. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- b. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

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

C. Coverage

1. Coverage A - Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. Coverage **A** does not increase the Limit of Insurance.

2. Coverage B - Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

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

3. Coverage C - Increased Cost Of Construction Coverage

- a. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required; when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

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

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

b. When a building is damaged or destroyed and Coverage C applies to that building in accordance with Paragraph C.3.a. above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in Paragraph C.3.a.:

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

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

D. Loss Payment

1. All following loss payment provisions, D.2. through D.5., are subject to the apportionment procedures set forth in Paragraph B.5. of this endorsement.
2. When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - a. If the Replacement Cost Coverage Option applies and such building is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 - (1) The amount you would actually spend to repair, rebuild or reconstruct such building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)
 - b. If the Replacement Cost Coverage Option applies and such building is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:
 - (1) The actual cash value of such building at the time of loss; or

(2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)

3. Unless Paragraph D.5. applies, loss payment under Coverage B - Demolition Cost Coverage will be determined as follows:

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

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

4. Unless Paragraph D.5. applies, loss payment under Coverage C - Increased Cost Of Construction Coverage will be determined as follows:

- a. We will not pay under Coverage C:
 - (1) Until the building is actually repaired or replaced, at the same or another premises; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The applicable Limit Of Insurance shown for Coverage C in the Schedule.
- c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The applicable Limit Of Insurance shown for Coverage C in the Schedule.

5. If a Combined Limit Of Insurance is shown for Coverages B and C in the Schedule, Paragraphs D.3. and D.4. do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

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

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- b. With respect to the Increased Cost of Construction:
 - (1) We will not pay for the increased cost of construction:
 - (a) Until the building is actually repaired or replaced, at the same or another premises; and

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

(2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

E. The terms of this endorsement apply separately to each building to which this endorsement applies.

F. Example of proportionate loss payment for Ordinance Or Law Coverage Losses (procedure as set forth in Paragraph B.5.).

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance Or Law Coverage C of this endorsement: \$60,000

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

Step 2: Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this endorsement for the Coverage C loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

Note: The same procedure applies to losses under Coverages A and B of this endorsement.

G. The following definition is added:

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT – CONDITIONS – MINIMUM RETAINED PREMIUM

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY CONDITIONS

A. The following is added to COMMERCIAL PROPERTY CONDITIONS:

MINIMUM RETAINED PREMIUM

In the event of cancellation of this Policy by the Insured, the minimum retained premium shown on the Declarations shall become earned, notwithstanding any conditions of the Policy to the contrary.

Failure of the Insured to make timely payment of premium shall be considered a request by the Insured for the Company to cancel. In the event of such cancellation by us for nonpayment of premium, the minimum retained premium shall be due and payable. However, such nonpayment cancellation shall be rescinded if the Insured remits the full premium due within 10 days of receiving said cancellation notice.

In the event of any other cancellations by us, the earned premium will be prorated, and shall not be subject to said minimum retained premium.

This endorsement does not change any other provision of the Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT - ADDITIONAL PROPERTY NOT COVERED

This endorsement modifies insurance provided under the following:

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

A. The following is added to A. Coverage, 2. Property Not Covered if an "(X)" is shown in parentheses in the Schedule below:

SCHEDULE*

Prem. No.	Bldg. No.	Description of Property
All	All	Property of others

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

This endorsement does not change any other provision of the Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

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

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

A. The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

1. seasonal unoccupancy;
2. buildings in the course of construction, renovation or addition; or
3. buildings to which the Vacancy Permit endorsement applies.

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

B. After damage by a covered cause of loss, permanent repairs to the building:

1. have not started; and
2. have not been contracted for,

within 30 days of initial payment of loss.

C. The building has:

1. an outstanding order to vacate;
2. an outstanding demolition order;
3. been declared unsafe by governmental authority.

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

E. Failure to:

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

COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

1. There has been full compliance with all of the terms of this Coverage Part; and

2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organiza-

tion must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

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

This will not restrict your insurance.

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination of Your Books and Records

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

D. Inspections and Surveys

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

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer of Your Rights and Duties Under this Policy

Your rights and duties under this Policy may not be transferred without our written con-

sent 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.

GENERAL SERVICE OF SUIT ENDORSEMENT

Pursuant to any statute of any state or district of the United States of America that makes provision therefor, the Insurer hereby designates the commissioner, superintendent, or director of insurance or other officer specified for that purpose in the statute and his or her successors in office and duly authorized deputies as the Insurer's true and lawful attorney for service of legal process in any action, suit, or proceeding brought in the state where this Policy is issued by or on behalf of an insured or beneficiary against the Insurer arising out of the insurance issued under this Policy.

State	Designated Agent Address
Alabama	4000 Eagle Point Corporate Drive, Birmingham, Alabama 35242
Alaska	3085 Mountainwood Circle, Juneau, Alaska 99801
Arizona	3260 N. Hayden Road #210, Scottsdale, Arizona 85251
Arkansas	609 SW 8th Street #600, Bentonville, Arkansas 72712
California	7801 Folsom Boulevard, #202, Sacramento, CA 95826
Colorado	155 E. Boardwalk #490, Fort Collins, Colorado 80525
Connecticut	6 Landmark Square, 4th Floor, Stamford, Connecticut 06901
Delaware	Brandywine Plaza 1521 Concord Pike, Suite 201, Wilmington, Delaware 19803
District of Columbia	1629 K Street, NW, #300, Washington, District of Columbia 20006
Florida	801 U.S. Highway 1, North Palm Beach, Florida 33408
Georgia	2985 Gordy Parkway, 1st Floor, Marietta, Georgia 30066
Hawaii	900 Fort Street Mall, Suite 1680, Honolulu, Hawaii 96813
Idaho	950 W. Bannock Street #1100, Boise, Idaho 83702
Illinois	1320 Tower Road, Schaumburg, Illinois 60173
Indiana	8520 Allison Pointe Blvd #220, Indianapolis, Indiana 46250
Iowa	3106 Ingersoll Avenue, Des Moines, Iowa 50309
Kansas	4601 E. Douglas Avenue #700, Wichita, Kansas 67218
Kentucky	101 North Seventh Street, Louisville, Kentucky 40202
Louisiana	1070-B West Causeway Approach, Mandeville, Louisiana 70471
Maine	#245, Merrill's Wharf, Portland, Maine 04101
Maryland	2 Wisconsin Circle #700, Chevy Chase, Maryland 20815
Massachusetts	225 Cedar Hill Street #200, Marlborough, Massachusetts 01752
Michigan	28175 Haggerty Road, Novi, Michigan 48377
Minnesota	5200 Willson Road #150, Edina, Minnesota 55424
Mississippi	7 Professional Pkwy #101, Hattiesburg, Mississippi 39402
Missouri	12747 Olive Boulevard #300, St. Louis, Missouri 63141
Montana	1925 Grand Avenue #127, Billings, Montana 59102
Nebraska	12020 Shamrock Plaza #200, Omaha, Nebraska 68154
Nevada	8275 South Eastern Avenue #200, Las Vegas, Nevada 89123
New Hampshire	3 Executive Park Drive #201A, Bedford, New Hampshire 03110
New Jersey	181 New Road #304, Parsippany, New Jersey 07054
New Mexico	400 N. Pennsylvania Avenue #600, Roswell, New Mexico 88201
New York	600 Mamaroneck Avenue #400, Harrison, New York 10528
North Carolina	15720 Brixham Hill Avenue #300, Charlotte, North Carolina 28277

North Dakota	1709 North 19th Street #3, Bismarck, North Dakota 58501
Ohio	119 E. Court Street, Cincinnati, Ohio 45202
Oklahoma	624 S Denver Ave. #300, Tulsa, Oklahoma 74119
Oregon	5708 SE 136th Avenue #2, Portland, Oregon 97236
Pennsylvania	1001 State Street #1400, Erie, Pennsylvania 16501
Rhode Island	10 Dorrance Street #700, Providence, Rhode Island 02903
South Carolina	6650 Rivers Avenue, North Charleston, South Carolina 29406
South Dakota	101 S. Reid Street #307, Sioux Falls, South Dakota 57103
Tennessee	205 Powell Place, Brentwood, Tennessee 37027
Texas	5444 Westheimer #1000, Houston, Texas 77056
Utah	2825 East Cottonwood Parkway #500, Salt Lake City, Utah 84121
Vermont	145 Pine Haven Shores Road, Suite 2296, Shelburne, Vermont 05842
Virginia	425 West Washington Street #4, Suffolk, Virginia 23434
Washington	707 W. Main Avenue, Suite B1, Spokane, Washington 99201
West Virginia	126 East Burke Street, Martinsburg, West Virginia 25401
Wisconsin	301 S. Bedford St., Ste. 1, Madison, WI 53703
Wyoming	5830 E. 2nd Street, Casper, Wyoming 82609

The foregoing designations of attorney for service of legal process upon the Insurer shall not constitute a waiver of the Insurer's rights to remove, remand, dismiss or transfer any suit or proceeding from any court, or to commence any suit or other proceeding in any court of competent jurisdiction.

This endorsement does not change any other provision of the Policy.

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

GLOBAL SANCTION ENDORSEMENT

Notwithstanding any other provision of this Policy, this insurance cannot provide coverage and the Insurer shall not be liable to pay any claim or provide any benefit under this Policy to the extent that the provision of such coverage or benefit, or the payment of such claim, would violate, conflict with, or expose the Insurer to any sanction, prohibition or restriction under United Nations resolutions or any applicable economic or financial sanctions or other trade laws or regulations, including, but not limited to, of the United States of America, European Union, United Kingdom, or Canada.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT - APPRAISAL LOSS CONDITION

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM

A. Paragraph E. Loss Conditions, item 2. Appraisal is replaced by the following:

2. Appraisal

If we and you disagree on the value of the property or the amount of the loss, either may make written demand for an appraisal of the loss. If the other party agrees in writing to participate in appraisal, then each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days.

The two appraisers will select an umpire. If they cannot agree within 15 days upon an umpire, either may request that selection be made by a judge of a court having jurisdiction.

The appraisers will state separately the value of the property and amount of the loss. If they fail to agree, they will submit their differences to the umpire. A decision 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.

This endorsement does not change any other provision of the Policy.

In Witness Clause

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

**President****Secretary**

EQUIPMENT BREAKDOWN COVERAGE

This Endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CAUSES OF LOSS – BASIC FORM
 CAUSES OF LOSS – BROAD FORM
 CAUSES OF LOSS – SPECIAL FORM
 BUILDERS RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS FORM

Equipment Breakdown Schedule	
Equipment Breakdown Limits of Insurance:	
Direct Damage	Included within the Direct Physical Damage limit for all Property exposures, excluding Stock/Inventory.
Business Income/Extra Expense	Included within the Direct Physical Damage limit for all Property exposures, excluding Stock/Inventory.
Stock/Inventory	Excluded
Spoilage	\$ 100,000
Expediting Expenses	\$ 100,000
Hazardous Substance	\$ 100,000
Data Restoration	\$ 100,000
Demolition and Increased Cost of Construction	\$ 100,000
Off-premises Property	\$
“Electronic Vandalism”	\$ 100,000
Water Damage	\$ 100,000
Deductibles:	
Direct Damage	\$ 25,000
Business Income and Extra Expense	72 Hours
Spoilage	\$ 25,000
Utility Interruption – Waiting Period	24 hours
Other:	\$

The following is added to paragraph **A. 4. Additional Coverages** in the applicable Coverage Form:

A. Equipment Breakdown Coverage

1. We will pay for direct physical loss to Covered Property caused by or resulting from a “breakdown” to “covered equipment”.

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

2. "Breakdown"

- a. "Breakdown" means:
 - (1) Failure of pressure or vacuum equipment;
 - (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
 - (3) Electrical failure caused by artificially generated electric current, including arcing; that causes direct physical loss or damage to "covered equipment" and necessitates its repair or replacement.
- b. "Breakdown" does not mean:
 - (1) Cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
 - (2) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
 - (3) Damage to any vacuum tube, gas tube, or brush;
 - (4) Defects, erasures, errors, limitations or viruses in "computer equipment", data, "media" and/or programs including the inability to recognize and process any date or time or provide instructions to "covered equipment". However, if a "breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;
 - (5) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - (6) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or
 - (7) The functioning of any safety or protective device.
- c. 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".

3. "Covered Equipment"

- a. "Covered equipment" means any Covered Property that is:
 - (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents. For any boiler or fired vessel, the furnace of the "covered equipment" and the gas passages from there to the atmosphere will be considered as outside the "covered equipment";
 - (2) Communication equipment and "computer equipment";
 - (3) Fiber optic cable; or
 - (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.
- b. "Covered equipment" does not mean any:
 - (1) Astronomical telescope, cyclotron, nuclear reactor, particle accelerator, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites);
 - (2) Catalyst;

- (3) Dragline, power shovel, excavation or construction equipment including any "covered equipment" mounted on or used solely with any dragline, power shovel, excavation or construction equipment;
- (4) Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment;
- (5) Equipment or any part of equipment manufactured by you for sale;
- (6) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
- (7) Insulating or refractory material;
- (8) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;
- (9) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (10) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;
- (11) Structure, foundation, cabinet or compartment supporting or containing the "covered equipment" or part of the "covered equipment" including penstock, draft tube or well casing;
- (12) Vehicle, aircraft, self-propelled equipment or floating vessel, including any "covered equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel; or
- (13) "Media".

4. Property Not Covered

With regard to the coverage provided by this Endorsement only, A.2.b. in the Coverage Form to which this Endorsement applies is deleted and replaced by the following:

b. Animals.

5. Equipment Breakdown Coverage Extensions

The following coverages also apply to loss or damage caused by or resulting from a "breakdown" to "covered equipment". These Equipment Breakdown Coverage Extensions do not provide additional amounts of insurance. The limits provided are part of, not in addition to, the Limit of Insurance that applies to the damaged Covered Property.

a. Spoilage

- (1) We will pay for:
 - (a) Your loss of "perishable goods" due to spoilage;
 - (b) Your loss of "perishable goods" due to spoilage that is caused by or results from an interruption in utility services that is the direct result of a "breakdown" to "covered equipment" that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration,

heating, gas, air, water or steam. Coverage for such loss will begin 12 hours after the time the "breakdown" causes the interruption of the utility service; or

(c) Your loss of "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.

We will also pay any necessary expense you incur to reduce the amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "breakdown", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment Condition.

(3) The most we will pay for any loss or expense under this Equipment Breakdown Coverage Extension is \$100,000 or the Limit of Insurance for Spoilage shown on the Equipment Breakdown Schedule, whichever is greater.

b. Expediting Expenses

(1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to make temporary repairs and expedite permanent repairs or permanent replacement.

(2) Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.

(3) The most we will pay for Expediting Expenses is \$100,000 or the Limit of Insurance for Expediting Expenses shown on the Equipment Breakdown Schedule, whichever is greater.

c. Utility Interruption

The insurance provided for Business Income and/or Extra Expense, if covered elsewhere in the policy, is extended to apply to loss caused by or resulting from an interruption in utility services that is a direct result of a "breakdown" to "covered equipment" that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

Coverage for Utility Interruption will begin 12 hours, or the time shown for Utility Interruption-Waiting Period in the Equipment Breakdown Schedule, after the time the "breakdown" causes the interruption of the utility service.

d. Drying Out

If electrical "covered equipment" requires drying out as a result of a flood, waves, tides, tidal waves, or overflow of any body of water or their spray, even if driven by wind, we will pay for the direct expense of drying out such electrical "covered equipment". The most we will pay for such expense under this Equipment Breakdown Coverage Extension is the least of:

(1) \$100,000;

(2) the Limit of Insurance shown on the Declaration for the applicable covered property; or

(3) the value of such damaged electrical "covered equipment".

Coverage provided by this extension does not include the cost to replace such equipment or any other loss, damage or expense that is caused by or results directly or indirectly from flood, waves, tides, tidal waves, or overflow of any body of water or their spray, even if driven by wind.

e. Hazardous Substance

With regard to coverage provided under this Endorsement only, Additional Coverage A.4.d. in the Coverage Form to which this Endorsement applies is deleted and replaced by the following:

d. We will pay your expense to extract "pollutants" from land or water at the described premises and the cost for clean-up, repair, replacement or disposal of Covered Property at the described premises if the discharge, dispersal, seepage, migration, release or escape of such "pollutants" is caused by or results from a "breakdown" to "covered equipment" that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which such "breakdown" occurs.

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

The most we will pay under this Additional Coverage, including any loss covered under any applicable Business Income or Extra Expense coverage, for the sum of all covered expenses is \$100,000 or the Limit of Insurance for Pollution Clean Up and Removal shown on the Equipment Breakdown Schedule, whichever is greater.

The coverage provided by this Additional Coverage does not include loss to "perishable goods" due to contamination from the release of a refrigerant.

f. Data Restoration

We will pay your cost to research, replace and restore data, including programs and operating systems that are lost or corrupted due to a "breakdown". We will also pay for loss or damage to "media" caused by a "breakdown". The most we will pay under this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage is \$100,000 or the Limit of Insurance for Data Restoration shown on the Equipment Breakdown Schedule, whichever is greater.

g. Demolition and Increased Cost of Construction

The following applies despite the Ordinance or Law Exclusion. If a "breakdown" to "covered equipment" damages a building that is Covered Property that is insured at replacement cost, and the loss is increased by the enforcement of any laws or ordinances that are in force at the time of the "breakdown" and which regulate the demolition, construction, repair or use of the building or structure the following apply:

(1) We will pay for:

(a) Your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance or law that requires the demolition of such undamaged property; and

(b) Your actual expenditures for increased costs to repair, rebuild, or construct the building. If the building is repaired, rebuilt or constructed, it must be intended for a similar use or occupancy as the current building, unless otherwise required by zoning or land use ordinance or law;

(2) With regard to otherwise covered Business Income and Extra Expense coverage, the "period of restoration" is extended to include the additional period of time required for demolition and to meet the minimum requirement of any ordinance or law enforcement at the time of the "breakdown".

(3) We will not pay for any:

- (a) Fine;
- (b) Liability to a third party;
- (c) Increase in loss due to a "pollutant"; or
- (d) Demolition cost until the undamaged portions of the building are actually demolished;
- (e) Increased construction costs until the building is actually rebuilt and replaced;
- (f) Increases in loss, excess of the amount required to meet the minimum requirement of any ordinance or law enforcement at the time of the "breakdown"; or
- (g) Loss due to any ordinance or law that you were required to comply with before the "breakdown", even if the building was undamaged, and with which you failed to comply.

The most we will pay under this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage, is \$100,000 or the Limit of Insurance for Demolition and Increased Cost of Construction shown on the Equipment Breakdown Schedule, whichever is greater.

h. Off-Premises Property

We will pay for loss or damage to Covered Property caused by a "breakdown" to "covered equipment" while temporarily at a premises or location that is not a described premises on the policy. The most we will pay for Off-Premise Coverage is \$25,000.

i. "Electronic Vandalism"

We will pay for loss or damage caused by "breakdown" to "covered equipment" that is the direct or indirect result of "electronic vandalism". The most we will pay for the total of all such loss resulting from "electronic vandalism", which takes place within a 12-month period, starting with the beginning of the present annual policy period, is \$100,000 or the Limit of Insurance for "Electronic Vandalism" shown in the Equipment Breakdown Schedule, whichever is greater. This limit applies regardless of the number of locations.

6. Equipment Breakdown Exclusions

With regard to coverage provided under this Endorsement only, the following changes are made:

- a. The following Exclusions are deleted from the **Causes of Loss - Special form**: **B.2.a.**; **B.2.d.(6)**; and **B.2.e.**
- b. Exclusion **B.2.l.** from the **Causes of Loss - Special form**, is deleted and replaced by the following:
 - I. Discharge, dispersal, seepage, migration, release or escape of "pollutants". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "breakdown" to "covered equipment", we will pay for the loss or damage caused by that "breakdown".
- c. The last paragraph of Exclusion **B.2.d.** from the **Causes of Loss - Special form** is deleted and replaced by the following:

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "breakdown", we will pay the resulting loss or damage not otherwise excluded.
- d. The following exclusions apply to the coverage provided under this Endorsement in addition to the other exclusions, except as deleted in **A.6.a.** above, in the Coverage Form to which this Endorsement applies.

We will not pay under this Endorsement for loss or damage caused directly or indirectly by any of the following:

- (1) 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;
- (2) Fire including fire resulting from a "breakdown";
- (3) Combustion explosion;
- (4) 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;
- (5) An explosion. However, we will pay for direct loss or damage caused by an explosion of "covered equipment" of a kind specified in a. through f. below, if not otherwise excluded:
 - (a) Steam boiler;
 - (b) Electric steam generator;
 - (c) Steam piping;
 - (d) Steam turbine;
 - (e) Steam engine; or
 - (f) Gas turbine or any other moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown.
- (6) With respect to Utility Interruption and paragraph (1)(b) of Perishable Goods coverage, we will not pay for loss caused by or resulting from: Lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; falling objects; water damage caused by the discharge or leakage of sprinkler system, sewer piping or domestic water piping; water or other means used to extinguish a fire, even when the attempt is unsuccessful; weight of snow, ice or sleet; freezing due to cold weather; molten material; or collapse.
- (7) "Electronic Vandalism", except as provided in A.5.i. "Electronic Vandalism" Coverage, above.

7. Equipment Breakdown Limitations

With regard to this Endorsement only, the following Limitations are deleted from the **Causes of Loss - Special Form: C.1.a. and C.1.b.**

8. Limits of Insurance

- a. The most we will pay for loss or damage in any one "breakdown" is the applicable Limit of Insurance shown in the Schedule above. The limits provided for the Equipment Breakdown Coverage Extensions are part of, not in addition to, the Limit of Insurance shown in the Schedule above that applies to the damaged Covered Property.

The coverage provided by this Endorsement is part of, not in addition to, the Limits of Insurance shown in the Schedule above.

b. The most we will pay for water damage that results from a "breakdown" to "covered equipment" is \$100,000 for any one "breakdown" or the Limit of Insurance for Water Damage shown in the Equipment Breakdown Schedule, whichever is greater. This is part of, not in addition to, the Limit of Insurance shown in the Schedule above that applies to damaged Covered Property.

9. Deductible

If an amount is shown in the Deductible section of the Equipment Breakdown Schedule, the following will apply; otherwise the deductible shown in the Declaration for the applicable coverage will apply.

Paragraph **D. Deductibles** of the applicable coverage form is deleted and replaced by:

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

The deductibles listed in the Equipment Breakdown Schedule shall be applied separately to the applicable coverage as follows:

(1) Dollar Deductible

If a dollar deductible is shown in the above schedule, we will first subtract the deductible amount from any loss we would otherwise pay.

(2) Multiple per Unit Deductible

If a multiple of units is shown in the above schedule, the deductible will be calculated as the sum of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Breakdown", the deductible will be \$25 times 500 hp which equals \$12,500.)

(3) Time Deductible

If a time deductible is shown in the above schedule, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown". If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

(4) Multiple of Daily Value Deductible

If a multiple of daily value is shown in the above schedule, this deductible will be calculated as follows:

- (a) For the entire premise described in the Declarations where the loss occurred, determine the total amount of Business Income that would have been earned during the "Period of Restoration" had no "Breakdown" taken place.
- (b) Divide the result in Paragraph (a) by the number of days the business would have been open during the "Period of Restoration". The result is the daily value.
- (c) Multiply the daily value in Paragraph (b) by the number of daily value multiples shown in the above schedule. We will first subtract this deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

(5) Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the above schedule, we will not be liable for the indicated percentage of the gross amount of loss or damage insured under the applicable coverage.

(6) Minimum Or Maximum Deductible

(a) If:

- (i) A minimum dollar amount deductible is shown in the above schedule; and**
- (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is less than the Minimum Deductible:**

then the Minimum Deductible amount shown in the above schedule will be the applicable deductible.

(b) If:

- (i) A maximum dollar amount deductible is shown in the above schedule; and**
- (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible;**

then the Maximum Deductible amount shown in the above schedule will be the applicable deductible.

b. If more than one deductible applies to a single coverage, then only one deductible, the highest, will apply to that coverage.

10. The following provision applies to the coverage provided by this Endorsement only and in addition to the provisions in the Loss Payment section of the Coverage Form to which this Endorsement applies:

Green Certification, Environmental Safety and Efficiency Improvements

You may replace damaged "covered equipment" with a newer generation "covered equipment" of the same capacity which improves the environment, increases efficiency or enhances safety. This includes costs to employ "green" methods of construction, disposal or recycling in the course of repair or replacement of the damaged or destroyed Covered Property, in accordance with documented standards of a "green authority". This also includes such costs you actually incur to attain "green" certification of the repaired or replaced Covered Property in accordance with documented standards of a "green authority". We will pay up to an additional 50% of the covered property damage amount for the damaged Covered Property. This additional amount is included in, not in addition to, the applicable Limit of Insurance for Covered Property.

11. With respect to the coverage provided under this Endorsement, the following are added to the Additional Conditions section of the Coverage Form to which this Endorsement applies:

a. Jurisdictional Inspections

(1) We agree to provide pressure vessel certificate-of-operation engineering services where:

- (a) The certificate-of-operation is required by state, city or provincial law; and**
- (b) The state, city or provincial law permits inspections by insurance company employees.**

(2) If we receive notification of a pressure vessel certificate-of-operation inspection due date less than 30 (thirty) days prior to the expiration of the certificate-of-operation, we will not be responsible for:

- (a) Any fine or other penalty that may be assessed; or
- (b) Any liability that may arise due to the fact that the inspection was not performed prior to the certificate-of-operation due date.

(3) Certificate-of-operation engineering services will not be provided for any location, other than in the United States of America, Puerto Rico or Canada.

b. Suspension

- (1) Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the coverage provided by this Endorsement. We will deliver or mail a written notice of suspension to your last known address or the address where the "covered equipment" is located.
- (2) Once suspended in this way, your coverage can be reinstated only by an Endorsement for that "covered equipment".
- (3) If we suspend your coverage, 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.

12. Electrical Risk Improvements

The following Additional Coverage applies in the event of the following:

When "covered equipment" sustains direct physical loss or damage results from a "breakdown" from artificially generated electric current (including arcing) that necessitates its repair or replacement, we will pay up to an additional 10% of the amount we actually pay for all loss or damage covered by this endorsement, not to exceed \$10,000, for costs you incur to make material improvements to your electrical system at the location of the loss.

This Additional Coverage does not pay for:

- a. Stock, work in process, raw materials, finished goods or merchandise;
- b. Any personal property of your employees or officers;
- c. Any Covered Property that is repaired or replaced due to direct physical loss or damage as covered by this endorsement; or
- d. Any Business Income or Extra Expense.

These expenses must be reported to us in writing within 180 days of direct physical loss or damage covered by this endorsement. The limit for this Additional Coverage is part of, not in addition to the Direct Damage limit.

13. With regard to the coverage provided by this Endorsement, the following definitions apply in addition to the definitions provided in the Coverage Form to which this Endorsement applies:

- a. **"Computer equipment"** means your programmable electronic equipment that is used to store, retrieve and process data; and associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission. It does not include data or "media".
- b. **"Electronic vandalism"** means:
 - (1) Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.

(2) Unauthorized computer code or programming that:

- a. Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;
- b. Replicates itself, impairing the performance of computers or computer systems or networks; or
- c. Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced.

- c. **“Green”** means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
- d. **“Green authority”** means a recognized authority on “Green” building or “Green” products, materials or processes.
- e. **“Media”** means electronic data processing or storage material such as films, tapes, discs, drums or cells.
- f. **“Perishable goods”** means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MULTIPLE DEDUCTIBLE FORM (FIXED DOLLAR DEDUCTIBLE)

This endorsement modifies insurance provided under the following:

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

SCHEDULE

The Deductibles applicable to any one occurrence are shown below:

Premises Number	Building Number	Deductible	Covered Cause(s) of Loss
All	All	\$ 25,000	All Covered Causes of Loss, except for Covered Causes of Loss for which a separate Deductible is shown:
1	1	\$ 250,000	Water Damage
2	1	\$ 250,000	Water Damage
3	1	\$ 100,000	Water Damage
4	1	\$ 100,000	Water Damage
5	1	\$ 100,000	Water Damage
6	1	\$ 100,000	Water Damage
7	1	\$ 100,000	Water Damage
8	1	\$ 250,000	Water Damage

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

The following is added to Paragraph D. **Deductible**:

A. In the event that loss or damage occurs to Covered Property at more than one building location as a result of one occurrence, the largest deductible for that Covered Cause of Loss, shown in the Schedule above or in the Declarations, will apply.

1. If a Deductible is shown in the Schedule above next to All Covered Cause(s) of Loss, that Deductible applies to all Covered Cause(s) of Loss at the specified premise(s) or building(s), except for Covered Cause(s) of Loss for which a separate Deductible is shown in the Schedule.
2. If a separate Deductible is shown in the Schedule above next to one or more listed Covered Cause(s) of Loss, such Deductible applies for direct physical loss of or damage to Covered Property resulting from that Cause of Loss.

The All Covered Cause(s) of Loss Deductible(s) applies to all other Covered Cause(s) of Loss at the premise(s) or

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building(s) shown in the Schedule above.

3. If a Deductible is shown next to Water Damage (Per Unit) in the Schedule above, we will apply the scheduled Water Damage (Per Unit) Deductible separately to each "unit", "common area", building or business personal property that sustains water damage at the premise(s) or building(s) shown in the Schedule above.
- B. The terms of this endorsement do not apply to any Windstorm or Hail Deductibles provided elsewhere in this policy. If applicable, separate Deductibles for Windstorm or Hail losses will be shown elsewhere in this policy and identified as such.
- C. This policy does not cover Earthquake or Flood unless such causes of loss are added to the policy as covered causes of loss. If Earthquake and/or Flood are added to this policy as covered causes of loss, the terms of this endorsement do not apply to Earthquake or Flood and corresponding Deductibles for these causes of loss will be shown elsewhere in this policy and identified as such.

D. Calculation Of The Deductible

1. The Deductible is calculated separately for, and applies separately to, each building that sustains loss or damage. If there is damage to multiple buildings, separate Deductibles apply to each building.
2. We will not pay for loss or damage until the amount of loss or damage exceeds the Deductible(s). We will then pay the amount of loss or damage in excess of that Deductible(s), up to the applicable Limit of Insurance, after any reduction required by any of the policy Loss Conditions, Additional Conditions, the Common Policy Conditions or the Commercial Property Conditions.
3. When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 2% of the value(s) of property at the time of loss.

E. For the purposes of this endorsement, the following is added to the Definitions section:

"Common area" means that portion of a building that is available for common use by unit owners, tenants, and their invitees. A "common area" does not include "units".

"Unit" means each portion of the real property designed for separate ownership or separate occupancy, including any of the following types of property contained within a "unit" if your Condominium Association Agreement, Lease Agreement, or state statute requires you to insure it:

1. Fixtures, improvements, and alterations that are part of the building or structure; and
2. Appliances used for refrigerating, ventilating, cooking, dishwashing, laundering, security, or housekeeping.

"Unit" does not include personal property owned by, used by, or in the care, custody, or control of a unit owner or tenant.

Example – Application Of Water Damage (Per Unit) Deductible

Per Unit Example #1

This example assumes:

- The loss at each location is less than the sum of the Limit of Insurance and the Deductible applicable to that location.
- Insurance is adequate and therefore a Coinsurance penalty does not apply.
- Three "units" and a "common area" in a building containing ten "units" suffered \$75,000 of water damage as a result of a ruptured bathroom pipe.

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The Water Damage (Per Unit) Deductible is \$10,000.

Building	Loss Amount	-	Water Damage (Per Unit) Deductible	=	Loss Payment
Unit 1	\$15,000	-	\$10,000	=	\$5,000
Unit 2	\$25,000	-	\$10,000	=	\$15,000
Unit 3	\$10,000	-	\$10,000	=	\$0
Common Area	\$25,000	-	\$10,000	=	\$15,000
Total Loss	\$75,000				
Total Payment					\$35,000

This endorsement does not change any other provision of the Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

SCHEDULE

Premises Number	Building Number	Protective Safeguards Symbols Applicable
See Below	See Below	P-9
Describe Any "P-9":		
Premises All / Building All - All units and common areas must have operating smoke detectors. If smoke detectors are battery operated, management must maintain a log to document quarterly testing and semi-annual battery replacement to be furnished upon request.		
Premises All / Building All - Insured property must have tagged fire extinguishers with current service or inspection tags on each floor, unit, and the common areas of the building. Fire extinguishers must be serviced or inspected as part of an annual professional service contract to be furnished upon request.		
Premises All / Building All - No smoking or smoking accessories in all units and within 30 feet of any building.		
Premises All / Building All - Insured property must have an active automatic sprinkler system with 100% sprinkler coverage per National Fire Protection ("NFPA") standards. The sprinkler system must be annually serviced and inspected by a third party with service and inspection records logged, and maintained, to be furnished upon request.		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following is added to the Commercial Property Conditions:

Protective Safeguards

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage and maintain in the "on" position at all times any automatic fire alarm or other automatic system listed in the Schedule; and
3. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, if part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing 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.

B. The following is added to the Exclusions section of:

Causes Of Loss - Basic Form

Causes Of Loss - Broad Form

Causes Of Loss - Special Form

Mortgageholders Errors And Omissions Coverage Form

Standard Property Policy

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you failed to comply with any condition set forth in Paragraph A.

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

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

a. Any automatic fire protective or extinguishing system, including connected:

- (1) Sprinklers and discharge nozzles;
- (2) Ducts, pipes, valves and fittings;
- (3) Tanks, their component parts and supports; and
- (4) Pumps and private fire protection mains.

b. When supplied from an automatic fire protective system:

- (1) Non-automatic fire protective systems; and
- (2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

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

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

"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking appliances and having the following components:

- a. Hood;
- b. Grease removal device;
- c. Duct system; and
- d. Wet chemical fire extinguishing equipment.

"P-9", the protective system described in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION – ROOF SURFACE MATERIAL – ACTUAL CASH VALUE – BASED ON MATERIALS AND AGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

ROOF SURFACE MATERIALS AND AGE SCHEDULE (based on full replacement cost)

Roof Surface Material	Life Expectancy in Years
Composition Materials	15 years
Tile Materials	20 years
Slate Materials	30 years
Metal Materials	30 years
All Other Roof Surface Materials Types	15 years

A. Section E. Loss Conditions is amended to add the following:

Roof Surface Materials – Actual Cash Value – Based on Materials and Age

1. For losses caused by or resulting from any Covered Cause of Loss to Covered Property, we will determine the value of "roof surface materials" installed the number of years greater than the life expectancy outlined in the Schedule above for such materials at actual cash value, as outlined in **E. Loss Conditions, 7. Valuation, subparagraph a.**

We will determine the life expectancy of "roof surface materials" based on their installation date at the premises described in the Declarations. If an installation date is not known at the time of loss, we will estimate the life expectancy of the "roof surface materials" based on a post-loss evaluation.

2. If the roof contains more than two layers of "roof surface materials", we will only pay for the two outmost layers of "roof surface materials".
3. We will not pay for tear-off, removal, or disposal of debris, or replacement of any "roof surface material" other than the two outermost layers of "roof surface materials". This includes any decking or underlayment that must be repaired or replaced in the process of tearing off, removing, or disposing of debris, or replacing the two outermost layers of "roof surface materials". For purposes of this provision, decking or underlayment may include "roof surface materials".
4. This Loss Condition does not apply if a Roof Exclusion is attached to the policy.

B. Section H. DEFINITIONS, is amended to add the following:

"Roof surface materials" means the roof surface material type (slate, composition, tile, metal, wood, or all other roof surface material types) of a building or structure covered under the Policy and all other roofing components, including, but not limited to:

1. Flashing, caps, vents, drip edges, and ice shields;
2. Sheeting, felt, and membranes;
3. Modified bitumen, bitumen, rubber, built-up and sprayed polyurethane foam roofing;
4. Foam inserts and elastomeric coating;
5. Finials, eave and gable trim, and snow guards;
6. Battens, counter battens, bird stops, gravel stops; and
7. Coatings, adhesives, adherents, and other finishing materials.

This endorsement does not change any other provision of the Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATIONS ON COVERAGE FOR ROOF SURFACING

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)
ALL	ALL	Paragraph B

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

A. The following applies with respect to loss or damage by a **Covered Cause of Loss (including wind and hail if covered)** to a building or structure identified in the Schedule as being subject to this paragraph A.:

Replacement Cost coverage (if otherwise applicable to such property) does not apply to roof surfacing. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.

B. The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this paragraph B.:

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

C. For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing. Roof surfacing also includes any type of roofing system used for ventilation or drainage and any related materials or products for such system.

This endorsement does not change any other provision of the Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS-HEAT WARRANTY

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Location Address
ALL	ALL	See Schedule

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

A. The following is added to the Commercial Property Conditions:

Protective Safeguards - Heat Warranty

As a condition of this insurance, at all premises and buildings listed in the Schedule above, you are required to:

1. Maintain heating facilities in good working order and keep the building temperature at or above 55 degrees Fahrenheit at all times; or
2. Have the plumbing system drained by a licensed or certified plumber.

In addition, you must notify us if you know of any premises or buildings listed in the Schedule where (a) heating facilities are not functioning; (b) where building temperature is not kept at or above 55 degrees Fahrenheit; or (c) where the plumbing system has not been drained.

B. The following is added to the **Exclusions** section of:

Causes Of Loss - Basic Form

Causes Of Loss - Broad Form

Causes Of Loss - Special Form

We will not pay for loss or damage caused by or resulting from "water damage" if, before the loss or damage, you failed to comply with any condition set forth in the **Protective Safeguards - Heat Warranty**.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**WINDSTORM OR HAIL DEDUCTIBLE -
FLAT DOLLAR OR PERCENTAGE SUBJECT TO MINIMUM DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Premises Number	Building Number	Flat Dollar Deductible	Windstorm Or Hail Deductible Percentage Enter Percentage Amount	Minimum Deductible Per Occurrence (Only When Percentage Deductible Applies)
All	All	\$	1%	\$ 421,854

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

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

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

WINDSTORM OR HAIL DEDUCTIBLE CALCULATIONS

A. Calculation Of The Deductible - All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. each building that sustains loss or damage;
 - b. the personal property at each building at which there is loss or damage to personal property; and
 - c. personal property in the open.

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If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. Either a flat dollar deductible or a percentage deductible applies if one is shown in the schedule above. If a percentage deductible applies, a minimum deductible per occurrence for Windstorm or Hail Coverage will also apply if one is shown in the Schedule above. The percentage Deductible cannot result in a total dollar amount of the Deductible below the minimum deductible per occurrence amount.
3. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; or any provision in a Value Reporting Form relating to full reporting or failure to submit reports.
4. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: in determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible - Specific Insurance Other than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage, subject to the minimum flat dollar deductible amount if applicable.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage, subject to the minimum flat dollar deductible amount if applicable. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible - Blanket Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage, subject to the minimum flat dollar deductible amount if applicable. The value(s) to be used is that shown in the most recent Statement of Values on file with us.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to the percentage (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage, subject to the minimum flat dollar deductible amount if applicable.

D. Calculation Of The Deductible - Builders' Risk Insurance**1. Builders' Risk Other Than Reporting Form**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to the percentage (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage, subject to the minimum flat dollar deductible amount if applicable.

2. Builders' Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage, subject to the minimum flat dollar deductible amount if applicable. The value(s) to be used is the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

Examples - Application Of Deductible**Example 1 - Specific Insurance (B.1.)**

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

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

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

The Deductible is 1%, with a minimum flat dollar deductible of \$500.

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

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

Step (3): $\$70,000 \times 1\% = \700

Step (4): $\$52,500 - \$700 = \$51,800$

The percentage deductible exceeds the minimum flat dollar deductible, so the percentage deductible applies.

The most we will pay is \$51,800. The remainder of the loss, \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

Example 2 - Specific Insurance (B.1.)

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building).

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

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

The Deductible is 2%, with a minimum flat dollar deductible of \$500.

Building

Step (1): $\$80,000 \times 2\% = \$1,600$

Step (2): $\$60,000 - \$1,600 = \$58,400$

Personal Property

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The percentage deductible for both building and personal property exceeds the minimum flat dollar deductible, so the percentage deductible applies.

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

Example 3 - Specific Insurance (B.1.)

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building) respectively.

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

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

The Flat Dollar Deductible is \$10,000.

Building

Step (1): $\$60,000 - \$10,000 = \$50,000$

Personal Property

Step (1): $\$40,000 - \$10,000 = \$30,000$

The Flat Dollar deductible applies for both building and personal property losses.

The most we will pay is \$80,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

Example 4 - Blanket Insurance (C.1.)

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

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

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

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

The Deductible is 2%, with a minimum flat dollar deductible of \$500.

Building 1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

Building 2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The percentage deductible exceeds the minimum flat dollar deductible, so the percentage deductible applies.

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

Example 5 - Blanket Insurance (C.1.)

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000), Personal Property at Building 1 (\$250,000) and Personal Property at Building 2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The actual Blanket Limit Of Insurance covering Buildings 1 and 2 and Personal Property at Buildings 1 and 2, shown in the Declarations, is \$1,350,000. Therefore, there is no Coinsurance penalty.

Building 1 and Personal Property at Building 1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%, with a minimum flat dollar deductible of \$5,000.

The percentage deductible for the building exceeds the minimum flat dollar deductible, so the percentage deductible applies.

Building

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$95,000 - \$25,000 = \$70,000$

Personal Property

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Step (1): $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the percentage deductible, so neither the percentage deductible nor the minimum flat dollar deductible applies.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

Example 6 - Blanket Insurance (C.1.)

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000), Personal Property at Building 1 (\$250,000) and Personal Property at Building 2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The Blanket Limit Of Insurance covering Buildings 1 and 2 and Personal Property at Buildings 1 and 2, shown in the Declarations, is \$1,350,000. Therefore, there is no Coinsurance penalty.

Building 1 and Personal Property at Building 1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$75,000 (Personal Property).

The Flat Dollar Deductible is \$50,000.

Building

Step (1): $\$95,000 - \$50,000 = \$45,000$

Personal Property

Step (1): $\$75,000 - \$50,000 = \$25,000$

The most we will pay is \$70,000. The portion of the total loss not covered due to application of the Deductible is \$100,000.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER INCIDENT EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

**A. The following exclusion is added to Paragraph B.
Exclusions:**

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

Cyber Incident

1. Unauthorized access to or use of any computer system (including electronic data).
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including electronic data) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including electronic data) or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

B. Exceptions And Limitations

1. Fire Or Explosion

If a cyber incident as described in Paragraphs A.1. through A.3. of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

2. Additional Coverage

The exclusion in Paragraph A. does not apply to the extent that coverage is provided in the:

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

3. Electronic Commerce Endorsement

The exclusion in Paragraph A. does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

C. Vandalism

The following is added to Vandalism, if Vandalism coverage is not otherwise excluded under the Standard Property Policy or the Causes Of Loss – Basic, Broad or Special Forms and if applicable to the premises described in the Declarations:

Vandalism does not include a cyber incident as described in Paragraph A.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – SPECIFIED ELECTRICAL SYSTEMS

This endorsement modifies insurance provided under the following:

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

A. The following is added to **CAUSES OF LOSS – BASIC FORM**, **B. Exclusions, 1.**, **CAUSES OF LOSS – BROAD FORM**, **B. Exclusions, 1.**, and **CAUSES OF LOSS – SPECIAL FORM**, **B. Exclusions, 1.**:

Specified Electrical Systems

Any aluminum wiring; fuses or fuse systems not installed in conformity with accepted standards under the National Fire Protection Association (NFPA) Rule 70 and National Electrical Code (NEC) Article 240; knob and tube wiring; recalled electrical panels or electrical systems including, but not limited to, Federal Pacific, Federal Pioneer, FPE, Stab-Lok, Zinsco (GTE-Sylvania Zinsco), Bulldog Pushmatic, Challenger, and Electri-Center.

This exclusion applies if fire, smoke, or leakage from fire-extinguishing equipment is caused by or results from the presence of the electrical systems as described above.

B. For the purposes of this endorsement, the following are deleted in their entirety from **CAUSES OF LOSS – BASIC FORM**, **A. Covered Causes of Loss**, and **CAUSES OF LOSS – BROAD FORM**, **A. Covered Causes of Loss**:

1. Fire.
5. Smoke causing sudden and accidental loss or damage. This cause of loss does not include smoke from agricultural smudging or industrial operations.
9. **Sprinkler Leakage**, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

If the building or structure containing the Automatic Sprinkler System is covered property, we will also pay the cost to:

- a. Repair or replace damaged parts of the Automatic Sprinkler System if the damage:
 - (1) Results in sprinkler leakage; or
 - (2) Is directly caused by freezing.
- b. Tear out and replace any part of the building or structure to repair damage to the Automatic Sprinkler System that has resulted in sprinkler leakage.

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.

Paragraph B. only applies if fire, smoke, or sprinkler leakage is caused by or results from the presence of the electrical systems as described in paragraph A. above.

C. For the purposes of this endorsement, **CAUSES OF LOSS – BASIC FORM, B. Exclusions, 2.a.**, **CAUSES OF LOSS – BROAD FORM, B. Exclusions, 2.a.**, and **CAUSES OF LOSS – SPECIAL FORM, B. Exclusions, 2.a.** is replaced by the following:

- a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.

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

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

But if fire results, we will pay for the loss or damage caused by that fire except when caused by or resulting from the use of electrical systems specified in paragraph A. above.

D. For purposes of this endorsement, the following is added to **CAUSES OF LOSS – BROAD FORM, C. Additional Coverage – Collapse, 2.a.**:

Subparagraph a. does not apply if fire, smoke, or leakage from fire extinguishing equipment is caused by or results from the presence of the electrical systems as described in paragraph A. above.

E. For the purposes of this endorsement, **CAUSES OF LOSS – SPECIAL FORM, G. Definitions, 2. “Specified causes of loss”** is amended to delete fire, smoke, and leakage from fire-extinguishing equipment.

Paragraph E. only applies if fire, smoke, or leakage from fire-extinguishing equipment is caused by or results from the presence of the electrical systems as described in paragraph A. above.

This endorsement does not change any other provision of the Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

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

1. The failure, malfunction or inadequacy of:
 - a. any of the following, whether belonging to any Insured or to others:
 - (1) computer hardware, including microprocessors;
 - (2) computer application software;
 - (3) computer operating systems and related software;
 - (4) computer networks;
 - (5) microprocessors (computer chips) not part of any computer system; or
 - (6) any other computerized or electronic equipment or components; or
 - b. any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:

1. in a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
2. under the Commercial Property Coverage Part:
 - a. in a "Specified Cause of Loss," or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or
 - b. in a Covered Cause of Loss under the Causes of Loss - Basic Form or the Causes of Loss - Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss," elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

- A.** The exclusion set forth in paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- C.** With respect to any loss or damage subject to the exclusion in paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants."
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1.** Exclusion of "Fungus," Wet Rot, Dry Rot and Bacteria; and
 - 2.** Additional Coverage - Limited Coverage for "Fungus," Wet Rot, Dry Rot and Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus," wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – DESIGNATED CAUSES OF LOSS

This endorsement modifies insurance provided under the following:

CAUSE OF LOSS – BASIC FORM

CAUSE OF LOSS – BROAD FORM

CAUSE OF LOSS – SPECIAL FORM

SCHEDULE

Premises Number	Building Number	DESIGNATED CAUSES OF LOSS
All	All	Unlocked Vacant Units - Unlocked or unsecured vacant units.
All	All	Inadequate Inspection of Vacant Units - Vacant units not subject to weekly internal and external inspections, with documented inspection logs to be furnished upon request.
All	All	Unlocked Buildings - Buildings that are unlocked or unsecured during non-business hours.
All	All	Inadequate Property Management - No professional property management company used for daily onsite complex oversight and maintenance.
All	All	Inadequate Dryer Cleaning - Dryer lint not cleared from all dryer lint traps at least twice a day at all locations with laundry facilities.
All	All	Wood-Burning Fire Places - Wood-burning fire places do not have National Fire Protection Association-approved fireproof disposal containers for all flammable materials.
All	All	Chimney, Fireplace, and Vent Maintenance - No third-party annual service contract in place for the inspection, maintenance, cleaning, and repairs of all chimneys, fireplaces, and vents. Copy of the service contract and activity logs not available to be furnished to us upon request.
All	All	Inadequate Property Management - No onsite professional property management company during policy term.
All	All	Inadequate Association Guidelines - Association does not have written guidelines, distributed to all association members on an annual basis, that require unit owners to install operational smoke detectors in all units. If smoke detectors are battery operated, unit owners must maintain a log to document for quarterly testing and semi-annual battery replacement to be furnished upon request.
All	All	Inadequate Association Guidelines - Association does not have written guidelines, distributed to all association members on an annual basis, that do not allow smoking or smoking accessories in all units and within 30 feet of any building.
All	All	Inadequate Association Guidelines - Association does not have written guidelines, distributed to all association members on an annual basis, that do not allow fire pits and BBQ grills to be used or stored on decks, balconies, or patios, or within 30 feet of any building.

Premises Number	Building Number	DESIGNATED CAUSES OF LOSS
All	All	Inadequate Association Guidelines - Association does not have written guidelines, distributed to all association members on an annual basis, that require unit owners to lock and secure vacant units.
All	All	Inadequate Association Guidelines - Association does not have written guidelines, distributed to all association members on an annual basis, that: Require unit owners to conduct weekly interior inspections on vacant units, including documentation of inspections in a written log to be furnished upon request

A. Designated Causes Of Loss in the Schedule above are added to CAUSES OF LOSS – BASIC FORM, B. Exclusions, 1., CAUSES OF LOSS – BROAD FORM, B. Exclusions, 1., and CAUSES OF LOSS – SPECIAL FORM, B. Exclusions, 1.

This endorsement does not change any other provision of the Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – PRE-EXISTING DAMAGE

This endorsement modifies insurance provided under the following:

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

A. The following is added to CAUSES OF LOSS – BASIC FORM, B. Exclusions:

Pre-Existing Damage

- (1) Replacement or repair of the damaged portion of the insured property that existed at the inception of this policy.
- (2) Any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing building damage at the time of this policy's inception.

The above exclusion is removed upon:

- (i) The completion of all building repairs; and
- (ii) Written evidence, signed by a licensed general contractor, stating that such building repairs are completed.

B. The following is added to CAUSES OF LOSS –BROAD FORM, B. Exclusions:

Pre-Existing Damage

- (1) Replacement or repair of the damaged portion of the insured property that existed at the inception of this policy.
- (2) Any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing building damage at the time of this policy's inception.

The above exclusion is removed upon:

- (i) The completion of all building repairs; and
- (ii) Written evidence, signed by a licensed general contractor, stating that such building repairs are completed.

C. The following is added to CAUSES OF LOSS –SPECIAL FORM, B. Exclusions:

Pre-Existing Damage

- (1) Replacement or repair of the damaged portion of the insured property that existed at the inception of this policy.
- (2) Any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing building damage at the time of this policy's inception.

The above exclusion is removed upon:

- (i) The completion of all building repairs; and
- (ii) Written evidence, signed by a licensed general contractor, stating that such building repairs are completed.

This endorsement does not change any other provision of the policy.

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

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

A. Rejection of Offer

You have rejected the offer of terrorism coverage for Acts of Terrorism that are certified under the Terrorism Risk Insurance Act as an Act of Terrorism. An exclusion of terrorism losses has been made a part of this Policy.

B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in paragraph C. below) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. **You have rejected this offer of coverage.**

C. Federal Share of Losses Under the Terrorism Risk Insurance Act is 80%.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

SCHEDULE

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

State(s)	Coverage Form, Coverage Part Or Policy
CA, ME, MO, OR, WI	COMMERCIAL INLAND MARINE, COMMERCIAL PROPERTY COVERAGE PART and SELECT BUSINESS POLICY
GA, HI, IA, IL, NC, NJ, NY, RI, WA, WV	COMMERCIAL PROPERTY COVERAGE PART and SELECT BUSINESS POLICY

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

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

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

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

C. Exception Covering Certain Fire Losses

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

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

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a cal-

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

D. Application Of Other Exclusions

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