

Policy No. -
Renewal Of -

POLICY COMMON DECLARATIONS**NAMED INSURED****AND ADDRESS:**

IN RETURN FOR PAYMENT OF THE
PREMIUM, AND SUBJECT TO ALL
TERMS OF THIS POLICY, WE AGREE
WITH YOU TO PROVIDE THE INSURANCE
AS STATED IN THIS POLICY.

AGENT'S NAME AND ADDRESS:

Insurance is afforded by the Company named below, a Capital Stock Corporation:

POLICY PERIOD: From To
12:01 A.M. Standard Time at the address of the Named Insured

This policy consists of the following Coverage Parts for which a premium is indicated. This premium may be subject to adjustment.

	Premium
Commercial Property	\$
Commercial General Liability	\$
Commercial Crime and Fidelity	\$
Commercial Inland Marine	\$
Commercial Equipment Breakdown	\$
Commercial Auto	\$
Commercial Umbrella	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
TOTAL	\$

FORMS AND ENDORSEMENTS applicable to all Coverage Parts and made part of this Policy at time of issue are listed on the attached Forms and Endorsements Schedule IL 88 01 (11/85).

POLICY ALTERNATE MAILING ADDRESS:

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.

SPECIMEN

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
(Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

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

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

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

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

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

territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

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

"Nuclear material" means "source material," "special nuclear material" or "by-product material."

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

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

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

"Nuclear facility" means:

- (a)** any "nuclear reactor";
- (b)** any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel," or **(3)** handling, processing or packaging "waste";
- (c)** any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "Insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d)** any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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.

CAP ON LOSSES FROM 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
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"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.

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

B. Application Of Exclusions

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

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

ECONOMIC AND TRADE SANCTIONS CLAUSE

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance.

IL 73 24 (Ed. 08/12)

SPECIMEN

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

Schedule

Schedule - Part I

Terrorism Premium (Certified Acts) \$

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies): -

Additional information, if any, concerning the terrorism premium:

Schedule - Part II

Federal share of terrorism losses	85% Year: 2015
(Refer to Paragraph B. in this endorsement.)	84% Year: 2016
	83% Year: 2017
	82% Year: 2018
	81% Year: 2019
	80% Year: 2020

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

A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

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 Part II of the Schedule of this endorsement) 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.

C. Cap on Insurer Participation in Payment of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year 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.

SPECIMEN

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION AND NONRENEWAL CHANGES

This endorsement modifies insurance provided under the following:

ABUSE OR MOLESTATION COVERAGE PART
AGRIPAK® FARM AND RANCH POLICY
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
E-COMMERCE COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUINE CARE, CUSTODY OR CONTROL COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
SAFEPAK® COVERAGE PART

In any provisions of the Policy that address the required notice for cancellation by us or nonrenewal by us, the number of days of advance notice is changed to the number of days shown below:

- a. days notice will be given for cancellation due to nonpayment of premium.
- b. days notice will be given for cancellation for any reason other than nonpayment of premium.
- c. days notice will be given for nonrenewal.

If the number of days shown in a., b., or c. is less than the number of days required by state laws or statutes, the notice required by such laws or statutes will prevail.

All other policy terms and conditions remain unchanged.

Policy No.

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**BUSINESSPRO PROPERTY COVERAGE PART
DECLARATIONS PAGE****NAMED INSURED:****POLICY PERIOD:**
to**DESIGNATED PREMISES:**Prem. Bldg.
No. No.

Location

Occupancy

MORTGAGE CLAUSE: Subject to the provisions of the Mortgage Clause attached hereto, loss, if any, on building items, shall be payable to:Prem. Bldg.
No. No.

Mortgage Holder Name and Mailing Address

PREMIUM FOR THIS COVERAGE PART IS:

Total Advance Premium: \$

Payable at inception: \$
\$

At the locations specified below, insurance is provided only for those cover-ages for which a Limit of Liability is shown:

PROPERTY COVERAGES

Prem. No.	Bldg. No.	Coverage	Coinsurance %	Limits of Liability

	Covered Causes of Loss (X)			Deductible Amount	Valuation (X)			Inflation Guard %
	Basic	Broad	Special		ACV	RC	Agreed Value	
Building(s)				\$				
Personal Property				\$				
*Business Income								
				\$				
				\$				

*Applicable to Business Income Options only:

	Monthly Limit of Indemnity (Fraction)	Maximum Period of Indemnity (X)	Extended Period of Indemnity (Days)

ADDITIONAL COVERAGE (Specify)

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 CP 88 01 (11/85).

SCHEDULE OF LOCATIONS

DESIGNATED PREMISES:

Prem. No.	Bldg. No.	Location	Occupancy

At the locations specified below, insurance is provided only for those coverages for which a Limit of Liability is shown:

PROPERTY COVERAGES

Prem. No.	Bldg. No.	Coverage	Coinsurance %	Limits of Liability

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.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

- (1) Foundations of buildings, structures, machinery or boilers;
- (2) Underground pipes, flues or drains;
- (3) Completed additions;
- (4) Fixtures, including outdoor fixtures such as light poles, retaining walls, pneumatic tubes, vaults, drive-up windows, night depositories;
- (5) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (6) Fences and signs, whether attached to the building or not;

(7) Antennas (including satellite dishes) and their lead-in wiring, masts or towers;

(8) 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;

(9) Automatic teller machines that you own, lease or are otherwise responsible for insuring; and

(10) 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 the described premises, used for making additions, alterations or repairs to the building or structure.

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle), consisting of the following

unless otherwise specified in the Declarations or on the Business Personal Property - Separation Of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) Patterns, dies, molds and forms;
- (5) All other personal property owned by you and used in your business;
- (6) Labor, materials or services furnished or arranged by you on personal property of others;
- (7) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (8) Tools and equipment owned by your employees that are used in your business operations;
- (9) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others;
- (10) Building plate glass that you have a contractual responsibility to insure as a building tenant.
- (11) Signs, whether attached to the building or not, provided there is no coverage for the sign under Building Covered Property.
- (12) Automatic teller machines that you own, lease or are otherwise responsible for insuring, provided

there is no coverage for the automatic teller machine under Building Covered Property.

c. Personal Property Of Others that is:

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

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", except as provided under the Coverage Extensions or Flex Additional Coverage for Accounts Receivable. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces, except as provided under the Coverage Extension for Paved Surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Land (including land on which the property is located), water, growing crops or lawns;
- h. Personal effects owned by you, your officers, your partners or members, your managers or your employees, except as provided by the Coverage

Extension for Personal Effects or the Flex Additional Coverage - Blanket Limit Of Insurance;

- i. Personal property while airborne or waterborne, except as provided under the Coverage Extension for Property in Transit;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Property acquired in any trust, guardianship or estate for which you are acting in a fiduciary or representative capacity;
- m. Property acquired through repossession, foreclosure, deed in lieu of foreclosure or as mortgagee in possession or similar action;
- n. "Electronic data", except as provided by the Coverage Extension for Electronic Data Processing or the Flex Additional Coverage - Blanket Limit Of Insurance. This paragraph does not apply to your "stock" of prepackaged software;
- o. The contents of any safety deposit box that has been rented to others;
- p. The cost to replace or restore the information on "valuable papers and records", including those which exist as "electronic data", except as provided by the Coverage Extension for Valuable Papers And Records or the Flex Additional Coverage - Blanket Limit Of Insurance;
- q. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or

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

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- r. The following property while outside of buildings:
 - (1) Grain, hay, straw or other crops;
 - (2) Trees, shrubs, plants, sod or lawns (other than "stock" of trees, shrubs, plants or sod), except as provided in the Coverage Extension for Trees, Shrubs, Plants, Sod and Lawns or the Flex Additional Coverage - Blanket Limit Of Insurance.

3. Covered Causes Of Loss

See applicable Causes of Loss - Special Form.

4. Additional Coverages

a. Arson, Vandalism Or Theft Reward

We will pay a reward for information which leads to an arson, vandalism or "theft" conviction involving a covered loss, at a premises described in the Declarations.

The most we will pay for this Additional Coverage is \$50,000 or 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage by arson, vandalism or "theft", whichever is less. This limit ap-

plies per occurrence regardless of the number of persons providing this information. No deductible applies to this Additional Coverage.

b. Contract Penalty

- (1) We will pay for penalties contained within a written contract purchase or sales agreement with a customer or vendor that you are required to pay because you are unable to complete a project, fill an order, or complete a purchase in accordance with contract terms or conditions. Your inability to complete a project, fill an order, or complete a purchase on time must be a direct result of physical loss of or damage to covered property caused by a Covered Cause of Loss at a covered premises in the policy period.

- (2) The most we will pay for this Additional Coverage is \$50,000 in any one policy period regardless of the number of contracts or penalties.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

c. Debris Removal

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

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

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

- (b) Remove, restore or replace polluted land or water; or

- (c) Remove debris of outdoor trees, shrubs, plants, sod or lawns except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.

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

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

- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

- (4) We will pay up to an additional \$250,000 for debris removal expense, unless a higher limit is shown in the Declarations, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

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

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

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$250,000.

(4) Examples

EXAMPLE #1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 1,000
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,000 (\$50,000 - \$1,000)
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 (\$49,000 + \$10,000 = \$59,000) 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:	\$ 1,000
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,000 (\$80,000 - \$1,000)

Debris Removal Expense: \$ 64,000

Debris Removal Expense Payable

Basic Amount: \$ 11,000
Additional Amount: \$ 53,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,000 + \$1,000) x .25 = \$20,000; capped at \$11,000. The cap applies because the sum of the loss payable (\$79,000) and the basic amount payable for debris removal expense (\$11,000) 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 (\$64,000) exceeds 25% of the loss payable plus the deductible (\$64,000 is 80% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,000 + \$64,000 = \$143,000) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$53,000. Thus the total payable for debris removal expense in this example is \$64,000. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (4).

d. Business Income and Extra Expense

- (1) We will pay for Business Income and the actual and necessary Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

(a) All routes within the building to gain access to the described premises; and

(B) Your personal property in the open (or in a vehicle).

(2) This Additional Coverage is subject to the provisions of the Business Income (And Extra Expense) Coverage Form with the exception of the Limits of Insurance Provision contained in that form. The Business Income (And Extra Expense) Coverage Form is made a part of this Policy whether or not Business Income and Extra Expense Coverage is indicated in the Declarations.

(3) The most we will pay for loss or damage under this Additional Coverage is \$300,000 per location, subject to a maximum of \$600,000 per occurrence, unless a higher limit is shown in the Declarations.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) If two or more of this Policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

e. Emergency Response Service Charge

When the fire department or other municipal agency responsible for preserving the public safety is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$50,000, unless a higher limit is shown in the Declarations, for your liability for emergency response service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

f. Fire Extinguisher Systems Recharge

(1) We will pay the actual cost of recharging or replacing, whichever is less, your:

(a) Portable fire extinguishers; or

(b) Automatic fire suppression or extinguishing systems

if they are discharged to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss.

(2) We will not pay for:

(a) Halon, or any other fire extinguishing agent that is no longer in production; or

(b) Any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

(3) The most we will pay under this Additional Coverage in any one occurrence is \$50,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

g. Leasehold Interest - Consequential Loss

We will pay for loss of your Leasehold Interest - Consequential Loss when your lease is cancelled by the lessor pursuant to a valid condition of your lease, due to direct physical loss or damage to your building or personal

property caused by or resulting from a peril not otherwise excluded at a described location.

For the purpose of this Additional Coverage, Leasehold Interest - Consequential Loss includes the following:

- (1) The difference between the rent due for the unexpired term of the canceled lease and the rent due under the new lease for that same period, not to exceed the difference between the actual rent due for the unexpired term of the canceled lease and the appraised rental value of the leased location for that same period;
- (2) Bonus payments, meaning the unamortized portion of a cash bonus you paid to acquire your lease, but not rent (whether prepaid or not) or security that will not be refunded to you according to the terms of your lease;
- (3) Prepaid rent that will not be refunded to you according to the terms of your lease; and
- (4) Sublease profit, meaning the net profit you earn through subleasing the Described location, or portion of the Described premises, that you rent for the unexpired term of the canceled lease or sublease, whichever would expire first.

The most we will pay for loss in any one occurrence is \$50,000.

h. Lock And Key Replacement

We will pay the cost for rekeying, repair or replacement, whichever is less, of exterior and interior door locks located at premises described in the Declarations if your door keys are stolen or lost.

The most we will pay for loss in any one occurrence is \$25,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

i. Mail Coverage

We will pay for direct physical loss or damage to property that is sent by First Class Mail, Certified Mail, United States Postal Service Express Mail or Registered Mail.

This Additional Coverage is subject to the provisions of the Mail Coverage Form, with the exception of the Limits of Insurance provision contained in that form. The Mail Coverage Form is made a part of this Policy, whether or not Mail Coverage is indicated in the Declarations.

The most we will pay for loss or damage under this Additional Coverage is \$250,000 for one shipping package and \$1,000,000 for any one addressee on any one day.

j. Ordinance Or Law

(1) Application Of Coverages

The Coverage(s) provided by this Additional Coverage apply only if both Paragraph (1)(a) and Paragraph (1)(b) are satisfied and are then subject to the qualifications set forth in Paragraph (1)(c).

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

But coverage under this Additional Coverage 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 Additional Coverage.

(b) (i) The building sustains direct physical damage that is covered under this Policy and such damage results in enforcement of the ordinance or law; or

(ii) 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 the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But 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, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

(c) In the situation described in Paragraph (1)(b)(ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverage **A, B** and/or **C** of this Additional Coverage. 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 (8) of this Additional Coverage provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of 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 Additional Coverage.

(2) We will not pay under Coverage **A, B** or **C** of this Additional Coverage for:

(a) Enforcement of 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 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.

(3) Coverage

(a) 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 enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) 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 enforcement of an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C - Increased Cost Of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

(ii) However:

(aa) 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.

(bb) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

(iii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with Paragraph, **(c)(i)** 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)(i)**:

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in Paragraph **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered but only with respect to the coverage described in Paragraph **(c)(iii)**.

(4) Loss Payment

(a) Both of the following loss payment provisions, Paragraph (4)(b) and (4)(c), are subject to the apportionment procedures set forth in Paragraph (1)(c) of this Additional Coverage.

(b) 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:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(aa) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if

Replacement Cost coverage does not apply, we will not pay more than the lesser of:

(aa) The "actual cash value" of the building at the time of loss; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(c) The most we will pay for the total of all covered losses for Coverage B - **Demolition Cost** and Coverage C - **Increased Cost Of Construction** combined is \$500,000, unless a higher limit for Ordinance Or Law - Coverages B and C is shown in the Declarations.

Payments under Coverage B and/or C are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

(i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

(ii) With respect to the Increased Cost Of Construction:

(aa) We will not pay for the increased cost of construction:

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

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

(bb) 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.

(cc) 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.

(5) The terms of this Additional Coverage apply separately to each building.

(6) The Ordinance or Law exclusion in **B.1.a.** of the Causes of Loss - Special Form does not apply to this Ordinance or Law coverage.

(7) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

(8) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Paragraph (1)(c) of the Additional Coverage).

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** or 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 Additional Coverage for the Coverage C loss is \$18,000, subject to all of the provisions of this Additional Coverage.

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

k. Preservation Of Property

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 90 days after the property is first moved.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance

l. Pollutant Cleanup 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 \$50,000, unless a higher limit is shown in the Declarations, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

m. Temporary Meeting Space Reimbursement

We will reimburse you for the rental of meeting space which is necessitated by the temporary unavailability of your primary office space resulting from direct physical loss or damage by a Covered Cause of Loss. Coverage will exist only for the expenses incurred for the temporary rental of meeting space required for meeting with parties who are not insureds under this Policy. The limit for this coverage will be \$25,000 per policy period for all such required rentals. No deductible applies to this coverage.

n. Tenants Undamaged Improvements And Betterments

We will pay for the value of your undamaged tenant's improvements and betterments when:

- (1) Your lease is cancelled by the lessor;
- (2) Your lease permits such cancellation; and

- (3) The cancellation is due to direct physical loss or damage to Building or Business Personal Property caused by or resulting from a Covered Cause of Loss at a location described in the Declarations.

The most we will pay under this Additional Coverage for each described premises is \$50,000.

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).

a. Accounts Receivable

(1) On Your Premises

- (a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to Accounts Receivable, including those records that exist as electronic records.
- (b) We will pay:
- (i) All amounts due from your customers that you are unable to collect;
 - (ii) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of those amounts;
 - (iii) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

- (iv) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

- (c) The following Exclusions in the Causes Of Loss - Special Form do not apply to this Accounts Receivable coverage:

- (i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

- (ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Pollution; and **B.2.i.** Settling.

- (d) The following additional Exclusions apply to this Accounts Receivable coverage:

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

- (aa) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;

- (bb) Bookkeeping, accounting or billing errors or omissions; or
 - (cc) Electrical or magnetic injury, disturbance or erasure of electronic recordings.
- But we will pay for direct loss or damage caused by lightning.
- (dd) Unauthorized instructions to transfer property to any person or to any place.
- (e) (ii) We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.
- (i) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:
- (aa) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (bb) Adjust that total for any normal fluctuations in the amounts of accounts receivable for the month in which the loss or damage occurred
- or for any demonstrated variance from the average for that month.
- (ii) The following will be deducted from the total amount of accounts receivable, however that amount is established:
- (aa) The amount of the accounts for which there is no loss or damage;
 - (bb) The amount of the accounts that you are able to reestablish or collect;
 - (cc) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (dd) All unearned interest and service charges.
- (f) You will pay us the amount of all recoveries you receive for loss or damage paid by us. But any recoveries in excess of the amount we have paid belong to you.
- (g) The most we will pay for loss under this Coverage Extension is \$250,000 per premises, unless a higher limit is shown in the Declarations.
- (2) Away From Your Premises**
- (a) Subject to Paragraphs (1)(b) through (1)(f), you may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records, while

away from the premises described in the Declarations, including in transit.

- (b) The most we will pay for this Away From Your Premises coverage is \$25,000 per occurrence.

This Coverage Extension is subject to a separate deductible of \$1,000 in any one occurrence. No other deductible applies.

- (c) This coverage while away from the premises is not increased by the Flex Additional Coverage - Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Accounts Receivable coverage is provided for any premises under the Inland Marine Coverage Part of this Policy, that coverage replaces the Accounts Receivable coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Accounts Receivable under the Inland Marine Coverage Part.

b. Automatic Teller Machines And Signs Off-Premises

- (1) You may extend the insurance that applies to Business Personal Property and Electronic Data Processing to cover direct physical loss by a Covered Cause of Loss to the following:

- (a) Automatic teller machines at locations other than the described premises:

(i) Owned by you; or

(ii) Owned by others for which you are legally liable.

- (b) That portion of any structure that is connected to, and necessary to the support of, an automatic teller machine described in Paragraph (a) above.

- (c) Signs at locations other than the described premises:

(i) Owned by you; or

(ii) Owned by others for which you are legally liable.

- (2) The most we will pay under this Coverage Extension for loss or damage at any one location in any one occurrence is \$100,000, unless a higher limit is shown in the Declarations. The most we will pay under this Coverage Extension for all loss or damage at all locations in any one occurrence is \$250,000.

These are the only Limits of Insurance that apply to automatic teller machines and signs that are not at a described premises.

- (3) We will not pay for loss or damage in any one occurrence under this Coverage Extension until the amount of loss or damage exceeds the greater of:

(a) \$1,000; or

(b) The otherwise applicable property deductible.

We will then pay the amount of loss or damage in excess of the deductible up to the applicable Limit of Insurance.

c. Brands And Labels

- (1) If Covered Business Personal Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at

an agreed or appraised value. When you do not want your damaged "stock" sold under your brand or label, you may:

- (a) Remove the brand or label from "stock" or its containers, and relabel the "stock" to comply with the law; or
- (b) Label the damaged "stock" as salvage, but in doing so, you must cause no further damage to it.

- (2) In either case, we will pay the difference between the salvage value of the damaged "stock" with the brand or label attached, and its salvage value with the brand or label removed. In addition, we will pay reasonable costs for removing the brands or labels and re-labeling the damaged "stock".

- (3) The most we will pay under this Coverage Extension is \$50,000.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

d. Consequential Damage To Pairs Or Sets

If a part or parts of pairs or sets of "stock" are damaged by a Covered Cause of Loss, causing the part or parts that are not damaged to be unmarketable as a complete product, you may extend the insurance that applies to Business Personal Property to cover the consequential damage to your undamaged parts of such pairs or sets.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

e. Deferred Payments

- (1) You may extend the insurance that applies to Business Personal Property to cover direct physical loss by a Covered Cause of Loss to the following:

- (a) Business Personal Property which you have sold under an installment or deferred payment plan and which is in possession of the buyer. We will pay only for your remaining interest in the property.

- (b) Business Personal Property which is rented or leased to others.

- (2) The most we will pay for loss or damage under this Extension is \$50,000.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

f. Electronic Data Processing

(1) On Your Premises

(a) Equipment, Media And Data

- (i) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to cover direct physical loss or damage by a Covered Cause of Loss to:

- (aa) "Hardware"; and

- (bb) "Software"

While at a premises described in the Declarations.

- (ii) Covered Property under this Extension does not include:

- (aa) "Stock"; or

- (bb) Computerized production equipment or apparatus.

- (iii) Except as is noted in Paragraph **(3)(d)**, the most we will pay for loss or damage under Paragraph **(a)** of this Extension is \$200,000 per occurrence, unless a higher limit is shown in the Declarations.

(b) Business Income

- (i) 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 "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.
- (ii) Business Income means the:
 - (aa) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
 - (bb) Continuing normal operating expenses incurred, including payroll.
- (iii) Except as is noted in Paragraph **(3)(d)**, the most we will pay for loss or damage under Paragraph **(b)** is \$50,000 per location, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(c) Extra Expense

- (i) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

- (ii) 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:

- (aa) To avoid or minimize the "suspension" of business and to continue "operations":

- (1) At the described premises; or

- (2) At replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary location;

- (bb) To minimize the "suspension" of business if you cannot continue "operations"; or

- (cc) To repair or replace any property.

- (iii) Except as is noted in Paragraph **(3)(d)**, the most we will pay for loss or damage under Paragraph **(c)** is \$50,000 per location,

unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

- (d) The following Exclusions in the Causes Of Loss - Special Form do not apply to this Electronic Data Processing coverage:

(i) **B.1.b.** Earth Movement;
B.1.e. Utility Services;
B.1.g. Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Pollution; and **B.2.l.** Settling.

- (e) The following additional Exclusions apply to this Electronic Data Processing coverage:

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

(i) "Computer Virus" or "Computer Hacking", except as provided under the Virus And Hacking Coverage in Paragraph (3), we will not pay for:

(aa) Any direct or indirect loss or damage; or

(bb) Loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

(ii) Deterioration, depreciation or obsolescence.

- (f) Under this Electronic Data Processing coverage:

(i) "Computer Hacking", means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware", "software" or a computer network that results in:

(aa) Deletion, destruction, generation or modification of "software";

(bb) Alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) Observation, scanning, or copying of "electronic data", "programs and applications" and "proprietary programs";

(dd) Damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(ee) Denial of access to or denial of services from your "hardware" or your computer network.

(ii) "Computer virus", means the introduction of any malicious, self-replicat-

ing electronic data processing code or other code into "hardware" or "software" that is intended to result in:

- (aa) Deletion, destruction, generation or modification of "software";
- (bb) Alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
- (cc) Damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or
- (dd) Denial of access to or denial of services from your "hardware" or your computer network.

(2) Away From Your Premises

- (a) Subject to Paragraphs (1)(d) through (1)(f), you may extend the insurance that applies to Business Personal Property to cover direct physical loss or damage to "hardware" or "software" caused by a Covered Cause of Loss while it is in the custody of you, your officers, your partners, or your employees:
 - (i) At your residence or the residence of your officers, partners or employees;

- (ii) Temporarily at a premises that is not described in the Declarations; or

- (iii) In transit.

- (b) Covered Property under this Extension does not include "stock" or computerized production equipment or apparatus.
- (c) We will not pay for loss or damage to property that is voluntarily released to the care, custody or control of anyone else including property while in transit as checked baggage.
- (d) The most we will pay for loss or damage under Paragraph (2) is \$100,000 per occurrence, unless a higher limit is shown in the Declarations. This Away From Your Premises coverage is subject to a separate deductible of \$1,000 in any one occurrence. No other deductible applies.

(3) Virus And Hacking Coverage

- (a) We cover direct physical loss of or damage to covered "hardware" and "software" while at a premises described in the Declarations caused by a "computer virus" or by "computer hacking".
- (b) We cover loss of Business Income and/or Extra Expense caused by a "computer virus" or by "computer hacking". Coverage begins 12 hours after the time of direct physical loss for Business Income coverage.
- (c) We do not cover:

- (i) Loss of exclusive use of, or loss of or reduction in economic or market value of, any "electronic data" or "proprietary programs" that have been copied, scanned or altered;
- (ii) "Theft" from your "electronic data" or "proprietary programs" of confidential information through the observation of the "electronic data" or "proprietary programs" by accessing covered "hardware" or your computer network without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and
- (iii) Denial of access to or services from your "hardware" or your computer network.
- (d) The most we will pay during one policy year for all covered losses described in Paragraphs **(1)(a)**, **(1)(b)** and **(1)(c)** under the Virus And Hacking Coverage **(3)(a)** and **(3)(b)** combined is \$100,000, unless a higher limit is shown in the Declarations. 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.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Electronic Data Processing coverage is provided for any premises under the Inland Marine Coverage Part of this Policy, that coverage replaces the Electronic Data Processing coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Electronic Data Processing under the Inland Marine Coverage Part.

g. Exhibitions

- (1) You may extend the insurance that applies to Business Personal Property while en route to or from, or temporarily on display, at exhibitions, fairs or trade shows.
- (2) Exclusions **B.1.b.**, Earth Movement, and **B.1.g.**, Water, of the Causes Of Loss - Special Form do not apply to this Exhibitions coverage.
- (3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.
- (4) The most we will pay for loss or damage under this Extension is \$50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of \$1,000 in any one occurrence. No other deductible applies.

- (5) If Exhibition coverage is provided under the Inland Marine Coverage Part of this Policy, that coverage replaces the Exhibition coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

h. Fine Arts

(1) On Your Premises

- (a) You may extend the insurance that applies to Business Personal Property to cover "fine arts", including "fine arts" of others in your care, custody or control, at the premises described in the Declarations.
- (b) Exclusions **B.1.b.**, Earth Movement, and **B.1.g.**, Water, of the Causes Of Loss - Special Form do not apply to this Fine Arts coverage.
- (c) In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.
- (d) This Extension does not cover:
- (i) Numismatic or philatelic objects or collections;
 - (ii) Furs or fur-trimmed garments; or

- (iii) Jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.

- (e) The most we will pay for loss or damage under this Coverage Extension is \$50,000 per premises, unless a higher limit is shown in the Declarations.

(2) Property On Exhibit

Subject to Paragraphs (1)(b) through (1)(d), you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily on exhibit in a premises not owned or occupied by you. The most we will pay for loss or damage to property on exhibition is \$10,000 per occurrence.

(3) Property Off-Premises For Framing, Renovating, Packing Or Appraising

Subject to Paragraphs (1)(b) through (1)(d), you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily in a premises not owned, occupied or operated by you for framing, renovating, packing or appraising. The most we will pay for loss or damage to property off-premises for framing, renovating, packing or appraising is \$10,000 per occurrence.

(4) Transit

Subject to Paragraphs (1)(b) through (1)(d), you may extend the insurance that applies to Business Personal Property to cover "fine arts" while in transit. The most we will pay for loss or damage to property in transit is \$10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Commercial Fine Arts coverage is provided under the Inland Marine Coverage Part of this Policy, that coverage replaces the Fine Arts coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

i. Inflation Guard

If Building or Business Personal Property coverage is shown in the Declarations and Replacement Cost coverage applies, then this Coverage Extension applies to that property as follows:

- (1) The Limit of Insurance for property to which this Coverage Extension applies will automatically increase by up to 6%.
- (2) The amount of increase will be:
 - (a) 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
 - (b) The 6%, expressed as a decimal (example: 6% is .06), times
 - (c) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365

EXAMPLE - If:

The applicable Limit of Insurance is \$100,000

The annual percentage increase is 6%

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

The amount of increase is
 $\$100,000 \times .06 \times 146 \div 365 =$
\$2,400

j. Inventory, Appraisals And Other Claims Expenses

- (1) You may extend the insurance that applies to Business Personal Property to pay the necessary and reasonable costs for taking inventories, making appraisals, and preparing other documents that we require when loss or damage occurs to Covered Property. This coverage does not apply to your expenses for appraisals to resolve disputes involving value or loss as described in the Appraisal Loss Condition.
- (2) The most we will pay under this Coverage Extension is \$50,000.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

k. Newly Acquired Or Constructed Property

(1) Buildings

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

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

The most we will pay for loss or damage under this Extension is \$2,000,000 at each building.

(2) Business Personal Property

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

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

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

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

The most we will pay for loss or damage under this Extension is \$1,000,000 at each building.

(b) This Extension does not apply to:

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

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

(3) Period Of Coverage

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

(a) This Policy expires;

(b) 180 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.

I. Locations Other Than The Described Premises And Newly Constructed Or Acquired Property

(1) Buildings

You may extend the insurance for Buildings to Buildings you own, lease or operate at other than:

(a) The described premises; or

(b) Newly constructed or acquired locations.

The most we will pay under this Coverage Extension is \$250,000.

(2) Business Personal Property

You may extend the insurance for Business Personal Property to Business Personal Property at locations other than:

(a) The described premises; or

- (b) Newly constructed or acquired locations. This Coverage Extension does not apply to property in transit.

The most we will pay under this Coverage Extension is \$250,000.

m. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to 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 \$10,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

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

n. Outdoor Trees, Shrubs, Plants, Sod And Lawns

You may extend insurance provided by this Coverage Form to apply to your outdoor trees, shrubs, plants, sod and lawns (other than "stock" of trees, shrubs, plants or sod), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

- (1) Fire;

- (2) Lightning;

- (3) Explosion;

- (4) Riot or Civil Commotion;

- (5) Aircraft; or

- (6) Vehicles operated by other than you or an employee.

The most we will pay for loss or damage under this Coverage Extension is \$50,000, but not more than \$10,000 for any one tree, shrub or plant, unless higher limits are shown in the Declarations. The \$10,000 limitation to individual plants does not apply to sod or lawns. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

The Limits of Insurance applicable to this Coverage Extension includes their debris removal expense. Such debris removal expense is not included in the Debris Removal Additional Coverage.

o. Paved Surfaces

- (1) You may extend the insurance provided by this Coverage Form to apply to roadways, walks, patios or other paved surfaces, other than bridges.
- (2) The most we will pay under this Coverage Extension is \$50,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

p. Personal Effects

- (1) You may extend the insurance that applies to Business Personal Property to 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. Our payment for loss of or damage to personal effects of others will only be for the account of the owner of the property.
- (2) Personal effects do not include tools and equipment owned by your employees that are used in your business operations.
- (3) The most we will pay under this Coverage Extension is \$50,000, unless a higher limit is shown in the Declarations. No deductible applies to this Coverage Extension.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

q. Personal Property Of Others

- (1) You may extend the insurance that applies to Business Personal Property to apply to Personal Property of Others in your care, custody or control. Our payment

for loss or damage to Personal Property of Others will only be for the account of the owner of the property.

- (2) The most we will pay under this Coverage Extension is \$100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

r. Property In Transit

- (1) You may extend the insurance provided by this Coverage Part to apply to covered Business Personal Property in or on a vehicle or in transit, including loading and unloading, more than 1,000 feet from a covered premises while:

- (a) In or on a vehicle you own, rent or lease;
- (b) In the custody of a carrier for hire; or
- (c) In the custody of an air or rail carrier

within the United States of America, its territories and possessions, Canada and Puerto Rico.

- (2) Exclusions **B.1.b.**, Earth Movement, and **B.1.g.**, Water, of the Causes Of Loss - Special Form do not apply to this Property In Transit coverage.
- (3) Except as noted in Paragraph (4) below, the reference to property while airborne or waterborne under Property Not Covered does not apply to this Coverage Extension.
- (4) There is no coverage for exported or imported property:

- (a) That is covered under any ocean marine cargo policy that anyone has obtained to cover exports or imports; or
 - (b) While on an ocean or air conveyance.
- (5) There is no coverage under this Extension for loss to property that you become legally obligated to pay as a common or contract carrier under a bill of lading, contract of carriage, or shipping receipt that is issued by you or that is issued on your behalf.
- (6) There is no coverage under this Extension for:
- (a) Sales representatives' samples (including containers);
 - (b) Property of any type while en route to or from a trade show, exhibition, or fair;
 - (c) "Fine arts", "antiques", furs, garments, jewelry, precious or semiprecious stones, gold, silver, platinum or other precious metals or alloys;
 - (d) Mail shipments in the custody of the U. S. Postal Service;
 - (e) Electronic data processing "hardware" or "software", except for "stock";
 - (f) "Valuable papers and records"; or
 - (g) Accounts receivable.

This provision does not apply to the individual Coverage Extensions or Additional Coverages to the extent that this provision would conflict with the provisions of those separate Coverage Extensions or Additional Coverages.

- (7) The most we will pay in any occurrence under this Coverage Extension is \$100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of \$1,000 in any one occurrence. No other deductible applies.

- (8) If either Motor Truck Cargo Owners coverage or Transportation coverage are provided under the Inland Marine Coverage Part of this Policy, that coverage replaces this Property In Transit Coverage Extension. The provisions of this Coverage Extension would no longer apply.

s. Property Off-Premises

- (1) You may extend the insurance provided to Business Personal Property 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; or
 - (b) In storage at a location you lease.
- (2) This Coverage Extension does not apply to:
 - (a) Property in or on a vehicle or otherwise in transit;
 - (b) Property at any fair, trade show or exhibition;

- (c) Property in the care, custody or control of your sales representatives, or you while acting as a sales representative;
 - (d) "Contractors' equipment";
 - (e) Materials, supplies, machinery, fixtures, and equipment that you are installing, constructing, or rigging as part of your installation or construction project, or will become a permanent part of your installation or construction project while they are at a storage location away from the described premises;
 - (f) Property covered under the Deferred Payments Coverage Extension;
 - (g) Electronic data processing "hardware" or "software", except for "stock";
 - (h) "Valuable papers and records"; or
 - (i) Accounts receivable.
- (3) There is no coverage under this Coverage Extension for loss caused by or resulting from:
- (a) Earth movement; or
 - (b) Flood, whether arising from natural or external forces; surface water; waves; tides; tidal waves; overflow of any body of water, or their spray, all whether driven by wind or not.

This exclusion applies whether or not coverage is provided under this Policy by any endorsement to Business Personal Property for the causes of loss described in (3)(a) or (3)(b) above.

- (4) The most we will pay for loss or damage under this Coverage Extension is \$250,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

t. Sales Representatives Samples

- (1) You may extend the insurance that applies to Business Personal Property to samples of your stock in trade (including containers) while the property is in:
 - (a) The custody of your sales representatives and agents; or
 - (b) Your custody while acting as a sales representative.

if more than 1,000 feet from a premises described in the Declarations, not including any other premises that is owned, operated or leased by you.

- (2) Exclusions **B.1.b.**, Earth Movement, and **B.1.g.**, Water, of the Causes Of Loss - Special Form do not apply to this Sales Representatives Samples coverage.
- (3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.
- (4) There is no coverage under this Extension for jewelry, precious, or semiprecious stones, gold, silver, platinum or other precious metals or alloys.
- (5) The most we will pay for loss or damage under this Coverage Extension is \$50,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of \$1,000 in any one occurrence. No other deductible applies.

- (6) If Salespersons Samples coverage is provided under the Inland Marine Coverage Part of this Policy, that coverage replaces the Sales Representatives Samples coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

u. Spoilage Due To Power Outage, Mechanical Breakdown Or Contamination - Direct Damage

- (1) You may extend the insurance that applies to Business Personal Property to apply to spoilage of "perishable stock" caused by:

- (a) Breakdown or Contamination, meaning:

- (i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

- (ii) Contamination by the refrigerant.

- (b) Power outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

- (2) With respect to the coverage provided by this extension, property located outside of a building or in or on a vehicle is considered to be Property Not Covered unless the stock is being moved to prevent or reduce loss covered by this Policy.

- (3) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

- (4) Only the following Exclusions contained in Paragraph B.1. of the Causes Of Loss - Special Form apply to this Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination - Direct Damage coverage:

- (a) B.1.b. Earth Movement;

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

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

- (d) B.1.f. War And Military Action; and

- (e) B.1.g. Water.

- (5) The following additional Exclusions are added:

We will not pay for loss or damage caused by:

- (a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

- (b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

- (c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

- (i) Lack of fuel; or
- (ii) Governmental order.

- (d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

- (e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

- (6) The provisions of this Coverage Extension are superseded if the Spoilage Coverage endorsement is attached to and made a part of this Policy.

- (7) The most we will pay for loss or damage under this Coverage Extension is \$50,000 per building.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

v. Miscellaneous Interior Building Property

- (1) You may extend the insurance that applies to Business Personal Property to apply to damage to miscellaneous interior building property that pertains only to the area you occupy as a tenant and you are required to insure as a tenant.

- (2) The most we will pay for loss or damage under this Coverage Extension is \$50,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

- (3) This insurance is excess over any other insurance under this Policy covering such property.

w. Theft Damage To Buildings For Tenants

- (1) You may extend the insurance that applies to Business Personal Property to apply to damage to the building caused by or resulting from "theft" or attempted "theft" where you are a tenant and are contractually responsible for such damages.

- (2) This coverage is included in the applicable Business Personal Property Limit of Insurance where the covered loss or damage occurs and applies in any one occurrence.

- (3) This insurance is excess over any other insurance under this Policy covering such property.

x. Utility Services - Direct Damage

- (1) You may extend the insurance that applies to Covered Property to apply to loss of or damage to Covered Property, other than "perishable stock", caused by the interruption in utility service to premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

- (a) Water Supply Property, meaning the following types of property supplying water to the described premises:

- (i) Pumping stations; and

- (ii) Water mains.

- (b) Communication Supply Property, meaning property supplying communication services, including telephone,

radio, microwave or television services to the described premises, such as:

- (i) Communication transmission lines, including optic fiber transmission lines;
 - (ii) Coaxial cables; and
 - (iii) Microwave radio relays except satellites.
- (c) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:
- (i) Utility generating plants;
 - (ii) Switching stations;
 - (iii) Substations;
 - (iv) Transformers; and
 - (v) Transmission lines.

(2) The Utility Services exclusion in **B.1.e.** of the Causes Of Loss - Special Form does not apply to this Utility Services - Direct Damage coverage.

(3) The provisions of this Coverage Extension are superseded if the Utility Services - Direct Damage endorsement is attached to and made a part of this Policy.

(4) The most we will pay for loss or damage under this Coverage Extension is \$50,000 at each covered building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

y. Valuable Papers And Records

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(b) The following Exclusions in the Causes Of Loss - Special Form do not apply to this Valuable Papers And Records coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Pollution; and **B.2.i.** Settling.

(c) The following additional Exclusion applies to this Valuable Papers And Records coverage:

We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(d) 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 Business Personal Property and therefore coverage of such costs is not additional insurance.

- (e) The most we will pay under this Coverage Extension to replace or restore the lost information is \$250,000 per premises, unless a higher limit is shown in the Declarations.

(2) Away From Your Premises

- (a) Subject to Paragraphs (b) through (d), we will pay up to \$25,000 per occurrence to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist, while they are away from the premises described in the Declarations, including in transit.

This Coverage Extension is subject to a separate deductible of \$1,000 in any one occurrence. No other deductible applies.

- (b) This coverage while away from the described premises is not increased by the Flex Additional Coverage - Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of this Policy, that coverage replaces the Valuable Papers And Records coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, in-

cluding Away From Your Premises coverage, except for the location that is covered for Valuable Papers And Records under the Inland Marine Coverage Part.

z. Worldwide Personal Property

- (1) You may extend the insurance that applies to Business Personal Property to apply to property while it is:

- (a) In the course of transit; or

- (b) At a premises

located in any part of the world other than the United States of America (including its territories and possessions), Puerto Rico or Canada that is not under any Federal Government trade or travel restriction at the time of the loss or damage.

- (2) There is no coverage under this Extension for:

- (a) "Stock" other than sales representatives' samples;

- (b) "Money";

- (c) "Securities" other than airline tickets; or

- (d) Property covered under the Coverage Extension for Worldwide Laptop Coverage.

- (3) We will not pay for loss or damage caused by or resulting from "theft" to property that is voluntarily released to the care, custody or control of anyone else including property released as checked baggage.

- (4) The most we will pay under this Coverage Extension is \$25,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If a loss is covered by both a specific coverage form on this Policy and a Coverage Extension, the coverage provisions of the specific coverage form apply to the loss.

aa. Worldwide Laptop Coverage

- (1) You may extend the insurance that applies to Business Personal Property to apply to your laptops, notebooks and similar highly portable personal computers, including their peripherals and accessories while:
 - (a) In the care, custody or control of you or your employees;
 - (b) At a location other than a location you own or lease; and
 - (c) Located in any part of the world other than the United States of America (including its territories and possessions), Puerto Rico or Canada that is not under any Federal Government trade or travel restriction at the time of loss or damage.
- (2) No deductible applies to this Coverage Extension.
- (3) The most we will pay under this Coverage Extension is \$25,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If a loss is covered by both a specific coverage form on this Policy and a Coverage Extension, the coverage provisions of the specific coverage form will apply to the loss.

bb. Green Upgrade Coverage

- (1) You may extend the insurance that applies to Buildings and Business Personal Property to apply to the necessary and reasonable additional costs attributable to green upgrades of damaged parts of your Buildings and Business Personal Property.
- (2) This Coverage Extension is subject to the provisions of the Increased Cost of Loss and Related Expenses for Green Upgrades Coverage Form, with the exception of the Limits of Insurance and increased cost of loss provisions referenced in that form. The Increased Cost of Loss and Related Expenses for Green Upgrades Coverage Form is made a part of this Policy, whether or not Green Upgrade Coverage is indicated in the Declarations.
- (3) The provisions of this Coverage Extension are superseded if a completed Schedule of Limits page for this coverage is attached to the Policy.
- (4) The most we will pay for this Additional Coverage is the lesser of \$50,000 or 10% of the amount we pay for direct physical loss or damage to the Covered Property caused by a Covered Cause of Loss.

6. Flex Additional Coverage - Blanket Limit Of Insurance

- a. In the event that covered loss or damage exceeds the specific Limits of Insurance provided in the Additional Coverages or Coverage Extensions described in Paragraph 6.b. below plus the applicable deductible, we will pay up to \$1,000,000 to apply in any one

occurrence caused by a Covered Cause of Loss only while at a premises described in the Declarations.

You may apportion this Limit among these coverages as you choose.

Payments under the Flex Additional Coverage - Blanket Limit Of Insurance are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage, and will apply in excess of the specific Additional Coverage or Coverage Extension limits of insurance plus any deductible applying to them.

b. The Additional Coverages and Coverage Extensions applicable to this Flex Additional Coverage - Blanket Limit Of Insurance include:

(1) Emergency Response Service Charge;

(2) Business Income And Extra Expense;

This Flex Additional Coverage is subject to the provisions of the Business Income and Extra Expense Coverage form, with the exception of the Limits of Insurance provision contained in that form.

(3) Leasehold Interest - Consequential Loss;

(4) Pollutant Cleanup And Removal;

(5) Tenants Undamaged Improvements And Betterments;

(6) Accounts Receivable;

(7) Electronic Data Processing;

(8) Fine Arts;

(9) Inventory, Appraisals And Other Claims Expenses;

(10) Outdoor Trees, Shrubs, Plants, Sod And Lawns;

The \$10,000 limit for any one tree, shrub or plant described in the Coverage Extension also applies to this Flex Additional Coverage.

(11) Personal Effects;

(12) Utility Services - Direct Damage; and

(13) Valuable Papers And Records.

c. The Away From Your Premises coverages for the Accounts Receivable, Electronic Data Processing and Valuable Papers And Records Coverage Extensions do not apply to this Flex Additional Coverage - Blanket Limit of Insurance. The Property on Exhibit, Property Off Premises and Transit coverages for Fine Arts do not apply to this Flex Additional Coverage - Blanket Limit of Insurance.

B. Exclusions And Limitations

See applicable Causes Of Loss - Special Form.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, plus additional limit(s) provided by the Additional Coverages, Coverage Extensions and the Flex Additional Coverage - Blanket Limit of Insurance, other than those outlined in Paragraph C.3..

2. Except as noted in Paragraph C.3., the limits applicable to the Additional Coverages and Coverage Extensions are separate from the Limit(s) of Insurance shown in the Declarations for any other coverages.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Ordinance Or Law - Coverage A;

b. Preservation Of Property;

- c. Brands And Labels;
- d. Consequential Damage To Pairs Or Sets;
- e. Deferred Payments;
- f. Inventory, Appraisals And Other Claims Expenses;
- g. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination - Direct Damage;
- h. Theft Damage To Building For Tenants; and
- i. Utility Services - Direct Damage.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), 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

Deductible:	\$ 1,000
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 (\$61,000) 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:

$$\begin{array}{r}
 \$ 60,100 \\
 - 1,000 \\
 \hline
 \$ 59,100 \text{ Loss Payable - Building \#1}
 \end{array}$$

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:
 $\$59,100 + \$80,000 = \$139,100$

EXAMPLE #2

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

No deductible applies to the following:

1. Arson, Vandalism Or Theft Reward Additional Coverage;
2. Emergency Response Service Charge Additional Coverage;
3. Fire Extinguisher Systems Recharge Additional Coverage;
4. Lock And Key Replacement Additional Coverage;
5. Personal Effects Coverage Extension;
6. Temporary Meeting Space Reimbursement Additional Coverage; and
7. Worldwide Laptop Coverage Extension.

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 any ordinance or law regulating the construction, use or repair of any property except as provided by the Ordinance or Law Additional Coverage.
- c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d.** We will not pay you more than your financial interest in the Covered Property.
- e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

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

(2) An appraisal award has been made.

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

5. Recovered Property

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

6. Valuation

- a.** We will determine the value of Covered Property in the event of loss or damage at replacement cost (without deduction for depreciation) as of the time of loss or damage, except as provided in **c.** through **f.** below.
- b.** We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **c.** 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 **b.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

c. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property except as provided by the Ordinance or Law Additional Coverage.

d. 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 on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

e. 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.

f. The following types of property are valued as follows:

(1) Contents of a residence at "actual cash value".

(2) Subject to the exceptions in Paragraphs (a) and (b) below, "stock" at "actual cash value", unless Replacement Cost is shown in the Declarations as including "Stock".

The following types of "stock" are valued as follows:

(a) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

(b) Used or secondhand merchandise held in storage or for sale at "actual cash value".

(3) "Fine arts" at market value at the time of loss.

(4) Electronic data processing "hardware":

(a) That is replaced - at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced;

(b) That is not repaired or replaced - at "actual cash value";

(c) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

(5) Electronic data processing "software":

(a) "Programs and applications":

- (i)** At the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

- (ii)** If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

(b) "Proprietary programs":

- (i)** At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

- (ii)** If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore loss of "proprietary programs".

(c) "Electronic data":

- (i)** At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

- (ii)** If duplicate copies do not exist, at the cost of research or other expenses necessary to

reproduce, replace, or restore lost files, documents and records.

- (d)** "Media" at the cost to repair or replace the "media" with material of the same kind or quality.

- (6)** Glass at the cost of replacement with safety-glazing material if required by law.

(7) Tenant's Improvements and Betterments at:

- (a)** Replacement cost of the lost or damaged property if you make repairs promptly.

- (b)** A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

- (i)** Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

- (ii)** Divide the amount determined in Paragraph **(i)** above by the number of days from the installation of improvements to the expiration of the lease.

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

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

(8) Tenant's Undamaged Improvements and Betterments at:

- (a)** Replacement cost of the undamaged property at the time of loss or damage at

another site if you commence replacement promptly.

- (b) A proportion of your original cost if you do not replace undamaged property promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the date the lease is cancelled to the original expiration of the lease; and

(ii) Divide the amount determined in Paragraph (i) above by the number of days from the installation of improvements to the original expiration of the lease.

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

F. Additional Conditions

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

1. 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 30 days before the expiration date of this Policy.

2. Errors In Description

Any unintentional error in the description of the occupancy or location address of Covered Property will not impair this insurance, provided you report the error as soon as the error becomes known to you. This may result in additional premium.

G. Optional Coverage - Actual Cash Value

If shown as applicable in the Declarations, the following Optional Coverage - Actual Cash Value applies separately to each item.

1. "Actual cash value" replaces Replacement Cost in the Valuation Loss Condition of this Coverage Form.
2. If the cost to repair or replace the damaged building property is \$5,000 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided by the Ordinance or Law Additional Coverage. However, the following property will be valued at the "actual cash value" even when attached to the building:

- a. Awnings or floor coverings;
- b. Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- c. Outdoor equipment or furniture.

H. Definitions

1. "Actual cash value" means:

a. When the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage with like kind and quality, less a reasonable deduction for wear and tear, deterioration and obsolescence.

b. When the loss or damage to property creates a total loss, "actual cash value" means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market.

c. Otherwise, "actual cash value" shall mean the market value of new property of like kind and quality, less a reasonable deduction for wear and tear, deterioration and obsolescence.

2. "Antique" means an object having value because its:

a. Craftsmanship is in the style or fashion of former times; and

b. Age is 100 years old or older.

3. "Contractors' equipment" means machinery, equipment and tools of a mobile nature that you use in your contracting, installation, erection, repair or moving operations or projects.

"Contractors' equipment" also means:

a. Self-propelled vehicles designed and used primarily to carry mounted equipment; or

b. Vehicles designed for highway use that are unlicensed and not operated on public roads.

4. "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 to receive, process, store, retrieve or send data. This definition does not include electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. "Employee":

a. "Employee" means:

(1) Any natural person:

- (a)** While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any other dishonest act committed by the "employee";
- (b)** Who you compensate directly by salary, wages or commissions; and
- (c)** Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

- (a)** To substitute for a permanent "employee" as defined in Paragraph **a.(1)**, who is on leave; or

- (b)** To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but

does not mean a temporary employee as defined in Paragraph **a.(2)**;

(4) Any natural person who is:

- (a)** A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

- (b)** A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this insurance; or

(8) Any of your "managers", directors or trustees while:

- (a)** Performing acts within the scope of the usual duties of an "employee"; or

- (b)** Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or

representative of the same general character not specified in Paragraph 5.a.

6. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

7. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historic value or artistic merit.

"Fine arts" does not mean "valuable papers and records".

8. "Funds" means "money" and "securities".

9. "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.

10. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

a. "Hardware" includes but is not limited to:

- (1) Mainframe and mid-range computers and network servers;
- (2) Personal computers and workstations;
- (3) Laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors;
- (4) Peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems; and
- (5) Automatic teller machines.

b. "Hardware" does not include "software".

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

12. "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, cells, or flash drives.

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

14. "Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

15. "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" applies.

16. "Other property" means any tangible property other than "money" or "securities" that has intrinsic value.

"Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

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

a. Begins:

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

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

b. Ends on the earlier of:

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

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

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

18. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptibility to loss or damage if the controlled conditions change.

19. "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.

20. "Premises" means the interior of that portion of any building you occupy in conducting your business. This definition applies whenever this term appears in quotation marks in this Coverage Form.

21. "Programs and applications" means operating programs and applications that you purchase and that are:

a. Stored on "media"; or

b. Installed and stored in "hardware".

22. "Proprietary programs" means proprietary applications or programs that are developed in-house or that you had developed specifically for you and that are:

a. Stored on "media"; or

b. Installed and stored in "hardware".

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

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

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

(1) Payroll; and

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

24. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

25. "Software" means "media", "electronic data", "programs and applications" and "proprietary programs".

26. "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.

27. "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" applies.

28. "Theft" means the unlawful taking of property to the deprivation of the insured.

29. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

"Valuable papers and records" does not mean "money", "securities", or "electronic data".

SPECIMEN

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".

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

Unless otherwise indicated in the Declarations, Business Income includes "Rental Value".

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

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

If you are operating at a Net Loss, continuing normal operating expenses will be offset by the net loss.

2. Extra Expense

In the event of a Covered Cause of Loss to property at a described premises you may extend the insurance provided by this coverage form to apply to the actual, necessary and reasonable:

- a. Extra Expenses you incur to continue as nearly as possible your normal business operations 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.

b. Additional expenses you incur to:

- (1) Make temporary repairs of damaged property;
- (2) Expedite permanent repair or replacement of damaged property; or
- (3) Provide training on replacement machines or equipment.

This includes overtime wages and the extra cost of express or other rapid means of transportation.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss - Special Form.

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 Coverage Extension for Electronic Data Processing and the Flex Additional Coverage - Blanket Limit Of Insurance in the Building And Personal Property Coverage Form.
- 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 Coverage Extension for Electronic Data Processing and the Flex Additional Coverage - Blanket Limit Of Insurance in the Building And Personal Property Coverage Form.

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 five miles 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 30 consecutive days 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) 30 consecutive days 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 1,000 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.

This Additional Coverage applies to losses that you incur during the "period of restoration" and that occur within 12 consecutive months after the date of direct physical loss or damage.

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) 180 consecutive days after the date determined in (1)(a) above, unless "180" is replaced in the Declarations by a different number of days.

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 re-store 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) 180 consecutive days after the date determined in (2)(a) above unless "180" is replaced in the Declarations by a different number of days.

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. Dependent Properties - Time Element

- (1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains

loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

- (2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

- (3) The most we will pay under this Additional Coverage is \$50,000 in any one occurrence, unless a higher limit is shown in the Declarations, regardless of the number of dependent properties.

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

- (4) The provisions of this Additional Coverage are superseded by CP 15 08 Business Income From Dependent Properties - Broad Form, or CP 15 09 Business Income From Dependent Properties - Limited Form, if attached to and made a part of this Policy.

e. Ingress/Egress

- (1) We will pay for the actual loss of business income you sustain due to the necessary "suspension" of your "operations" when ingress or egress by your suppliers, customers, or employees to the premises is physically prevented. The actual loss of business income you sustain must be the direct result of a Covered Cause of Loss to property not owned, occupied, leased, or rented by you, or insured under the Commercial Property Coverage Part. That

property must be located within one mile of the described premises which sustains a business income loss.

- (2) Ingress/Egress Coverage for Business Income will begin 24 hours after the time of the Covered Cause of Loss and will end at the earlier of:

- (a) When ingress or egress is permitted to or from your described premises, or
- (b) 30 consecutive days, unless a greater number of days is shown in the Declarations.

- (3) This Additional Coverage does not apply if:

- (a) The direct physical loss or damage is caused by or results from flood or earthquake even if flood or earthquake are Covered Causes of Loss; or
- (b) The ingress to or egress from your described premises is prohibited by civil authority.

- (4) The most we will pay under this Additional Coverage is \$50,000 for Business Income at the described premises where ingress or egress was prevented.

- (5) The Limit of Insurance for this Additional Coverage is included in, and not in addition to, the applicable Business Income Limit of Insurance.

f. Tenant Move Back Expenses

- (1) In the event your tenants must temporarily vacate a building at a described premises due to the untenability of that building as a result of direct physical loss or damage to the building by a Covered Cause of Loss, we will pay

for the following expenses you actually incur to move those tenants back into the building:

- (a) Packing, transporting and unpacking the tenants' business personal property, including the cost of insuring the move back and any necessary assembly or setup of furniture and equipment; and
- (b) The net cost to reestablish the tenants' utility and telephone services, other than any refunds due tenants.

- (2) We will only pay for those expenses that you actually incur within 60 days from the date that the damaged building has been repaired or rebuilt and, if required, a certificate of occupancy has been granted.

- (3) The most we will pay for loss in any one occurrence under this Additional Coverage is \$10,000. This is an additional amount of insurance.

g. Ordinance Or Law - Increased Period Of Restoration

- (1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

- (a) Regulates the demolition, construction or repair of any property;
- (b) Regulates the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
- (c) Is in force at the time of loss.

Coverage 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.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from 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.

h. Pollutant Clean-Up And Removal

- (1) We will pay for the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur if business operations are interrupted due to the enforcement of any ordinance or law that requires you to extract "pollutants" from land or water at the described premises caused by or resulting from a Covered Cause of Loss that occurs during the policy period.
- (2) Such loss must be reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.
- (3) The most we will pay for the sum of all Business Income and Extra Expense in any one policy year under this Additional Coverage is \$25,000. This is an additional amount of insurance.

i. Transit - Business Income

- (1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by di-

rect physical loss or damage by a Covered Cause of Loss to Covered Property in transit more than 1,000 feet from a covered premises while:

- (a) In or on a vehicle you own, rent or lease;
- (b) In the custody of a public or contract trucker;
- (c) In the custody of an air or rail carrier; or
- (d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

- (2) There is no coverage under this Additional Coverage resulting from loss or damage to:

- (a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or
- (b) Mail shipments in the custody of the U. S. Postal Service.

- (3) This Additional Coverage will continue to apply to such property in the due course of transit, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination. The expiration of this Policy will not cut short the 30-day period.

- (4) You must retain accurate records of all shipments of Covered Property for one year.

- (5) The most we will pay under this Additional Coverage is \$50,000 in any one occurrence.

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

6. Coverage Extensions

a. Newly Acquired Locations

- (1) You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- (2) This Coverage Extension does not apply to:
- (a) Property acquired in any trust, guardianship or estate for which you are acting in a fiduciary or representative capacity; or
 - (b) Property acquired through repossession, foreclosure, deed in lieu of foreclosure or as mortgagee in possession or similar action.
- (3) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

- (4) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:
- (a) This Policy expires;
 - (b) 180 days expire after you acquire or begin to construct the property; or
 - (c) You report values to us.

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

b. Additional Coverage Not At A Described Location (Other Than Newly Constructed Or Acquired Locations)

- (1) You may extend your Business Income and Extra Expense Coverages to apply to locations other than:
- (a) Any location described in the Declarations; or
 - (b) Any newly constructed or acquired location.
- (2) This Coverage Extension does not apply to:
- (a) Property acquired in any trust, guardianship or estate for which you are acting in a fiduciary or representative capacity; or
 - (b) Property acquired through repossession, foreclosure, deed in lieu of foreclosure or as mortgagee in possession or similar action.
- (3) The most we will pay under this Coverage Extension is \$100,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

c. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination - Time Element

- (1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:
- (a) Breakdown or Contamination, meaning:

- (i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control equipment; and
 - (ii) Contamination by the refrigerant.
 - (b) Power outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power due to conditions beyond your control:
 - (2) This coverage does not apply to loss of stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this Policy.
 - (3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss - Special Form apply to this Coverage Extension:
 - (a) **B.1.b.** Earth Movement;
 - (b) **B.1.c.** Governmental Action;
 - (c) **B.1.d.** Nuclear Hazard;
 - (d) **B.1.f.** War And Military Action; and
 - (e) **B.1.g.** Water.
 - (4) The following Exclusions are added:

We will not pay for loss or damage caused by:
 - (a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.
 - (b) Shutting off electrical power by turning off the switch that controls the flow of electricity.
 - (c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (i) Lack of fuel; or
 - (ii) Governmental order.
 - (d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.
 - (5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.
 - (6) The most we will pay under this Coverage Extension is \$50,000 per occurrence.
- d. Utility Service - Time Element**
- (1) You may extend your Business Income and Extra Expense Coverages to apply to loss at the described premises or Newly Acquired Locations, when a "suspension" of "operations" is caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph (2).
 - (2) Utility Services
 - (a) Water Supply Property, meaning pumping stations and water mains supplying water to your premises.
 - (b) Communication Supply Property, meaning property supplying communication services, including telephone,

radio, microwave or television services to the described premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines, including all lines which serve to transmit communication service or power and those which may be identified as distribution lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This coverage does not apply to Business Income or Extra Expense related to interruption in utility service which causes loss or damage to "electronic data", including destruction or corruption of "electronic data".

(5) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(6) The most we will pay under this Coverage Extension is \$100,000 per occurrence, unless a higher limit is shown in the Declarations.

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

(7) The provisions of this Coverage Extension are superseded by CP 15 45 - Utility Services - Time Element, if attached to and made a part of this Policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations or the Building And Personal Property Coverage Form.

2. The amounts of insurance stated under the following Additional Coverage Extensions 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:

a. Newly Acquired Locations;

b. Additional Coverage Not At A Described Location;

c. Tenant Move Back Expenses; and

d. Pollutant Clean-Up And Removal.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance.

a. Alterations And New Buildings;

b. Civil Authority;

c. Dependent Properties - Time Element;

d. Extended Business Income;

e. Ordinance Or Law - Increased Period Of Restoration;

f. Transit - Business Income;

- g. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination - Time Element;

- h. Utility Service - Time Element; and

- i. Ingress/Egress.

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. Optional Coverages

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

1. Maximum Period Of Indemnity

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

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: \$ 30,000

\$ 90,000

We will pay:

Days 1-30: \$ 30,000

Days 31-60: \$ 20,000

Days 61-90: \$ 30,000

\$ 80,000

The remaining \$10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:
 - a. Craftsmanship is in the style or fashion of former times; and
 - b. Age is 100 years old or older.
2. "Dependent property" means property operated by others whom you depend on to:
 - a. Deliver materials or services to you, or to others, for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;
 - b. Accept your products or services;
 - c. Manufacture products for delivery to your customers under contract of sale; or
 - d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.
3. "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 to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historic value or artistic merit.

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

"Finished stock" also includes whiskey and alcoholic products being aged.

"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.

6. "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" applies.

7. "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; or

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

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

b. Ends on the earlier of:

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

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

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

8. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptibility to loss or damage if the controlled conditions change.

9. "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.

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

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

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

(1) Payroll; and

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

11. "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" applies.

SPECIMEN

CAUSES OF LOSS - SPECIAL FORM

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

A. Covered Causes Of Loss

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.

- (6) This Exclusion does not apply to the following Additional Coverages and Coverage Extensions in the Building And Personal Property Coverage Form:

- (a) Accounts Receivable;
- (b) Electronic Data Processing;
- (c) Exhibitions;
- (d) Fine Arts;
- (e) Property In Transit;
- (f) Sales Representatives Samples;
- (g) Valuable Papers And Records; and
- (h) Worldwide Laptop Coverage.

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, 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, including material carried or moved by the mudslide or mudflow.

But if any of the above, in Paragraphs **g.(1)** and **g.(2)**, results in fire, explosion, or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

- (3) This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** and **(2)**, 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.
- (4) This exclusion does not apply to the following Additional Coverages and Coverage Extensions in the Building And Personal Property Coverage Form:

- (a) Accounts Receivable;
- (b) Electronic Data Processing;
- (c) Exhibitions;
- (d) Fine Arts;
- (e) Property In Transit;
- (f) Sales Representatives Samples;
- (g) Valuable Papers And Records; and
- (h) Worldwide Laptop Coverage.

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

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

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

This exclusion does not apply:

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

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

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

a. Electrical, Magnetic Or Electromagnetic Energy: Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

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

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes 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. Consequential Loss: Delay, loss of use or loss of market.

c. Smoke, Vapor Or Gas: Smoke, vapor or gas from agricultural smudging or industrial operations.

d. Other Types Of Loss:

- (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. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous Seepage Or Leakage: 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. Dishonesty: 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.

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

i. Exposed Property: Rain, snow, ice or sleet to personal property in the open.

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

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

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

l. Settling, Cracking to Buildings or Structures:

(1) Settling, cracking, shrinking or expansion of buildings or structures, bridges, roadways, walks, patios or concrete or paved surfaces.

(2) But if direct physical loss or damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause 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: 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: Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work: Faulty, inadequate or defective:

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

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

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

(4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

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

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

- (4) Any other consequential loss.

b. Leasehold Interest Coverage Form

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

c. Legal Liability Coverage Form

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

(a) Contractual Liability

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

a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

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

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

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

Loss Or Damage To Products

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

C. Limitations

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

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

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

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

c. 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.

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

e. 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, whether driven by wind or not.
- 2. We will not pay for loss of or damage to animals unless caused by the "specified causes of loss" or building glass breakage, and then only if they are killed or their destruction is made necessary.
- 3. The special limit shown for each category, a. through c., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
 - a. \$25,000 for furs, fur garments and garments trimmed with fur.
 - b. \$25,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$5,000 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 more than \$10,000 for 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:
 - a. 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

- b. The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- 5. 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 - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

- 1. The coverage described in D.2. and D.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 **D.2.** of this Limited Coverage is limited to \$25,000. 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 \$25,000 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 **E.1.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form.
- 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.

E. Additional Coverage Extensions

1. 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.

2. 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, **E.2.**, does not increase the Limit of Insurance.

F. 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. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises.
3. "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 man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion **B.1.g.** 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 terms of the Water Exclusion **B.1.g.**, 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.

4. "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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEWLY ACQUIRED FORECLOSED PROPERTIES ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Property Not Covered exclusion **A.2.m.** does not apply to the following Additional Coverage.

You may extend the insurance provided by this Coverage Form to your newly acquired foreclosed Buildings or Business Personal Property.

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

Business Personal Property – The most we will pay for loss or damage under this extension is \$100,000 at each building.

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

- (a) This policy expires;
- (b) 30 days expire after you acquire the foreclosed property; or
- (c) You report the values to us.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage. No other Coverage Extensions or Additional Coverages apply to this property.

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

All other policy terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEWLY ACQUIRED TRUST PROPERTIES ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Property Not Covered exclusion **A.2.I.** does not apply to the following Additional Coverage.

You may extend the insurance provided by this Coverage Form to your newly acquired Buildings or Business Personal Property that are part of any trust, guardianship, or estate for which you are acting in a fiduciary or representative capacity.

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

Business Personal Property – The most we will pay for loss or damage under this extension is \$100,000 at each building.

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

- (a) This policy expires;
- (b) 30 days expire after you acquire a fiduciary or representative interest in the trust property; or
- (c) You report the values to us.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage. No other Coverage Extensions or Additional Coverages apply to this property.

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

All other policy terms and conditions remain unchanged.

MAIL 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 **E - Definitions**.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property, as used in this Coverage Form, means the property listed in paragraphs **a.** through **e.** provided you have recorded such property for insurance under this Coverage Form prior to loss or damage and sent it by one of the following types of mail for which a Limit of Insurance is shown in the Declarations: First Class Mail, Certified Mail, United States Postal Service Express Mail or Registered Mail.

- a.** bonds, stock certificates, certificates of deposit and other securities;
- b.** coupons if detached from bonds;
- c.** postage and revenue stamps; postal, express and other money orders; checks, drafts, notes, bills of lading, warehouse receipts and other commercial papers; other documents and papers of value except food stamps, unsold travelers checks and currency;
- d.** bullion, platinum and other precious metals; however, these are Covered Property only if sent by Registered Mail; and

- e.** currency, unsold travelers checks, food stamps, jewelry, watches, precious and semiprecious stones and similar valuable property; however, these are Covered Property only if sent by Registered Mail.

2. When Coverage Applies

We cover property in the care, custody or control of a government postal service. We also cover property while in transit by common carrier or messenger to or from the government post office.

We cover property until it has been:

- a.** delivered to the addressee at the address stated on the shipping package;
- b.** delivered at the proper address in the event of nondelivery by reason of error in address or removal of addressee; or
- c.** returned to the premises of the sender in the event of nondelivery.

But we do not cover property at the premises of any mail receiving agency.

3. Property Not Covered

Covered Property does not include contraband, or property in the course of illegal transportation or trade.

4. Covered Causes of Loss

Covered Causes of Loss means Direct Physical Loss or Damage to the Covered Property except those causes of loss listed in the exclusions.

5. Coverage Extension

Errors and Oversight

If due to error or oversight:

- a. The value of any mailing was not recorded properly, we will pay the actual value of that property in the event of its loss or damage. You will notify us promptly after you discover any error or oversight. You will also record the correct value.

But we will not pay more than the Limit of Insurance shown in the Declarations applicable to the property and type of mail you used.

- b. The value of Covered Property in any one shipping package exceeds the Limit of Insurance shown in the Declarations for that type of mail, we will pay only the proportion of any loss or damage that the applicable Limit of Insurance bears to the actual value of the property on the date of mailing.

B. Exclusions

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

1. 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 Form.

2. Weapons

- a. any weapon employing atomic fission or fusion; or
- b. any mine or torpedo.

3. War and Military Action

- a. War, including undeclared or civil war.
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected at-

tack, by any government, sovereign or other authority using military personnel or other agents.

But we will pay for direct loss or damage caused by fire; explosion; stranding; heavy weather; or collision or contact with aircraft, rockets or missiles or any fixed or floating object (except any mine or torpedo); if war-like action does not contribute directly to these causes of loss.

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

Exclusions **B.1.** through **B.3.** apply whether or not the loss event results in widespread damage or affects a substantial area.

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.

D. Additional Conditions

1. Valuation

General Condition **F. Valuation** in the Commercial Inland Marine Conditions is replaced by the following:

- a. The value of Covered Property will be its actual value, but not less than its market value, on the date of mailing.
- b. In the event of loss or damage:

- (1) We will furnish the bond or indemnity necessary to reissue or duplicate the Covered Property after receipt of your proof of loss.

If we do this on behalf of the registered owner and that owner finds or recovers the property after its reissue or duplication and fails to return it for cancellation, your rights of recovery against that owner are transferred to us.

(2) If you are required to deliver and cannot borrow equivalent property prior to the time the Covered Property can be reissued or duplicated, we will pay:

- (a) the cost of equivalent property purchased by you in an available market;
- (b) the postage and insurance charges for that mailing; and
- (c) any loss of interest actually earned on the Covered Property between the date of mailing and the date the equivalent property is purchased.

(3) If the Covered Property cannot be reissued or duplicated and if equivalent property cannot be purchased, we will pay:

- (a) the value of the Covered Property on the date of loss or damage;
- (b) the postage and insurance charges for the mailing; and
- (c) any loss of interest actually earned on the Covered Property as of the date of mailing. But we will pay this interest only if it has not been included already in the value you recorded for that mailing.

(4) If we pay any loss or damage:

- (a) we will pay no more than:
 - (i) 125% of the value you have recorded for insurance for bonds, stock certificates, certificates of deposit and other securities; or
 - (ii) the value you have recorded for insurance for all other Covered Property;

(b) we will pay you or anybody else you direct us to pay; and

(c) all rights, title and interest in the Covered Property will be conveyed to us.

2. Cancellation

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

In the event of cancellation, this Coverage Form applies to all mailings of Covered Property made up to the date and time of cancellation.

3. Duties in the Event of Loss

The following is added to Loss Condition **C. Duties in the Event of Loss** in the Commercial Inland Marine Conditions:

Your proof of loss will also include:

- a. proof of interest in the property;
- b. affidavit of mailing;
- c. affidavit of nonreceipt by the addressee and, if we request, also by the owner of the property; and
- d. if applicable, the receipt of any government postal service for the mailing.

4. Loss Payment

Paragraph 5. of Loss Condition **E. Loss Payment** in the Commercial Inland Marine Conditions is replaced by the following:

- 5. We will pay for covered loss or damage within seven days after we receive the sworn proof of loss, if you have complied with all the terms of this Coverage Part and:
 - a. we have reached agreement with you on the amount of the loss; or
 - b. an appraisal award has been made.

5. Other Insurance

Loss Condition **F. Other Insurance** in the Commercial Inland Marine Conditions is replaced by the following:

If there is any other insurance or indemnity covering the same loss or damage as the insurance under this Coverage Form, we will pay only our pro rata proportion of the loss or damage, except as follows:

- a. with respect to loss or damage by theft on the part of employees of senders or addressees, we will pay only for the excess of the amount covered by any other insurance or indemnity. We will pay the excess whether the other insurance or indemnity is collectible or not;
- b. with respect to loss or damage, other than by theft on the part of employees of senders or addressees, that is covered by any blanket bond, we will be directly and primarily liable for that loss or damage. We will have no recourse against any blanket bond.

6. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

a. Coverage Territory

We cover property sent by:

- (1) First Class Mail, Certified Mail and United States Postal Service Express Mail within and between places in the United States of America, Puerto Rico, Canada, the United States Virgin Islands and other territories or possessions of the United States; or
- (2) Registered Mail between places anywhere in the world.

b. Records

You will keep accurate records of all mailings of Covered Property. You must record each mailing prior to loss or damage.

These records will consist of:

- (1) a description of the Covered Property, its destination and the type of mail you used; and
- (2) the value of the property contained in each shipping package covered by this Coverage Form.

c. Reports and Premium

(1) Reports

Within 30 days after the end of each reporting period shown in the Declarations, you will report to us the total values of all property covered by this Coverage Form sent during the preceding reporting period. This report will list the values separately for each kind of property and type of mail for which a rate is shown in the Declarations.

(2) Rates and Premium

(a) Premium Computation

We will compute the premium for each reporting period using the rates shown in the Declarations.

(b) Premium Adjustment

- (i) If an annual reporting period is shown in the Declarations, we will apply the total computed premium to the Deposit Premium. If it is more than the Deposit Premium, you will pay us the difference. If it is less than the Deposit Premium, we will pay you the difference.
- (ii) If any other reporting period is shown in the Declarations, we will apply the computed premium to the Deposit Premium until it is used up. You will pay us all premiums that exceed the Deposit Premium.

We will make these premium adjustments for each reporting period.

The due date for any additional premium is the date shown as the due date on the bill.

(iii) Minimum Premium

You must pay at least the minimum annual premium shown in the Declarations.

(3) If this Coverage Form is cancelled:

(a) You will report promptly to us the total values of all property covered by this

Coverage Form sent up to the date and time of cancellation. We will compute the premium as provided above.

(b) You must pay a Minimum Premium of at least 1/12th of the minimum annual premium shown in the Declarations for each month or part of a month that this coverage applies during the policy period.

E. Definitions

"Non-negotiable securities" means securities that cannot be negotiated or converted to cash by unauthorized persons without resort to forgery.

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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.
- 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.
- 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**INCREASED COST OF LOSS AND RELATED EXPENSES
FOR GREEN UPGRADES**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

Schedule

Premises Number	Building Number	Green Upgrades (Maximum Amount)		Increased Cost of Loss(%)**	Related Expenses	Number of Days for Extended Period of Restoration
		Building	Your Business Personal Property*			
		\$	\$	%	\$	
		\$	\$	%	\$	
		\$	\$	%	\$	
* If coverage under this endorsement for Your Business Personal Property is to be limited to a certain type of personal property, describe such property:						
** If different percentages are to apply to Building and Your Business Personal Property, use separate lines on the Schedule.						
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.						

A. Green Upgrades Coverage

The meanings given under this paragraph **A.** apply only to the coverage provided under this endorsement.

1. With respect to the property indicated in the Schedule, the corresponding amount of coverage shown in the Schedule for Green Upgrades is the maximum amount provided under this endorsement for the total of all costs attributable to Green Upgrades. In the event of covered direct physical loss or damage, we will determine the amount payable for the total of all costs attributable to Green Upgrades as follows:

- a. determine the amount of covered direct physical loss or damage prior to application of the deductible, in accordance with the terms of this policy, excluding any increased cost attributable to the coverage that would be provided under this endorsement. With respect to the determination being made in this paragraph **a.**, the amount of covered direct physical loss or damage does not include any amount attributable to loss or damage to property not subject to this endorsement or property excluded from eligibility under paragraph **A.8.** of this endorsement;
- b. multiply the amount determined in paragraph **a.**, by the appropriate Increased Cost of Loss percentage shown in the Schedule;
- c. unless paragraph **d.** applies, we will pay the least of the following amounts for the total of all costs attributable to Green Upgrades:
 - (1) the actual cost of covered Green Upgrades as determined in accordance with all applicable provisions of this endorsement;
 - (2) the amount determined in paragraph **b.**; or
 - (3) the applicable amount shown for Green Upgrades in the Schedule.
- d. this paragraph, **d.**, applies if the direct physical loss or damage is not payable because the amount does not exceed the applicable deductible in this Policy.

We will calculate the difference between the amount of the direct physical loss or damage and the amount of the deductible. The resulting amount is the balance of the deductible. If the balance of the deductible exceeds the cost of covered Green Upgrades, we will pay nothing. If the cost of covered Green Upgrades exceeds the balance of the deductible, we will pay the least of the following amounts:

- (1) The actual cost of covered Green Upgrades as determined in accordance with all applicable provisions of this endorsement, less the balance of the deductible;
- (2) The amount of covered direct physical loss or damage prior to application of the deductible, multiplied by the appropriate Increased Cost of Loss percentage shown in the Schedule; or
- (3) The applicable amount shown for Green Upgrades in the Schedule.

- 2. **Green standards-setter** means an organization or governmental agency which produces and maintains guidelines related to Green products and practices. Green standards-setters include but are not limited to:
 - a. the Leadership in Energy and Environmental Design (LEED®) program of the U.S. Green Building Council;
 - b. ENERGY STAR, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy; and
 - c. Green Globes™ a program of the Green Building Initiative.
- 3. **Green** means enhanced energy efficiency or use of environmentally - preferable, sustainable materials, products or methods in design, construction, manufacture or operation, as recognized by a Green standards-setter.
- 4. The Replacement Cost Optional Coverage is amended to include Green Upgrades, meaning reasonable additional costs to repair or replace lost or damaged parts of the Covered Property indicated in the Schedule, in the event of covered direct physical loss or damage, with materials and products that are recognized by a Green standards-setter as Green, subject to all applicable terms and conditions of this

endorsement. Repair or replacement of lost or damaged parts of the Covered Property is at our option.

With respect to property that qualified as Green prior to loss or damage, nothing in this endorsement is intended to reduce the coverage otherwise applicable under this Policy for repair or replacement of such property with comparable materials and products.

5. In the event of a loss for which we determine that it is necessary to replace a building component (such as a roof) or building system (such as a heating system), such replacement:
 - a. is limited to replacement of the damaged building component or system with a Green building component or system which serves the same primary function as the damaged property; and
 - b. does not extend to modification or replacement of any other building component or system. However, we may pay to repair or replace property that is necessarily damaged or destroyed in the course of replacing the damaged building component or system.

For example, if your traditional roof sustains damage and we pay to replace it with a vegetated roof, we would also pay to restore damaged electrical wiring, if any, that ran through the damaged roof and supported the building's existing electrical power system. But in such case we would not pay to replace the electrical wiring with solar panels, because the roof's primary function is not to generate energy or distribute electrical power. (In referring to costs we pay, this example assumes that such costs are within the amount payable as otherwise determined under this endorsement.)

This paragraph, **A.5.**, reinforces the policy's loss settlement provisions in the context of coverage for Green Upgrades, and is not meant to imply broader coverage for replacement of property other than building components or systems.

6. We will not pay any additional cost, above the cost of a Green Upgrade, solely for the purpose of satisfying the minimum requirements or recommended actions or standards of an ordinance or law that regulates the repair, use or construction of a building. However, we will not disallow the cost of a Green Upgrade on the sole basis that such upgrade also falls under the provisions of the ordinance or law.

With respect to coverage for Green Upgrades under this endorsement, we will not pay any cost that is actually paid in loss settlement under another coverage, including but not limited to Ordinance or Law Coverage or Increased Cost of Construction Coverage.

7. We will not pay any additional cost to repair or replace damaged property solely for the purpose of achieving points toward certification or recertification of the property by a Green standards-setter.
8. With respect to business personal property, Green Upgrade Coverage does not apply to:
 - a. personal property of others;
 - b. the Coverage Extension for Personal Effects and Property of Others;
 - c. leased personal property; or
 - d. "stock."
9. We will not pay under this endorsement unless the property is actually repaired or replaced at the same or another premises, and unless the repairs or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. If the property is being relocated to another premises, the most we will pay for Green Upgrades is the cost of Green Upgrades at the original premises, subject to all other terms and conditions of this endorsement.

We may extend the two-year period in writing during the two years.

10. We will not pay under this endorsement for the costs associated with enforcement of or conformance to any standard which:
- a. 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;
 - b. requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants," "fungus," wet or dry rot or bacteria. However, this paragraph, **10.b.**, does not negate the coverage set forth in Building Air-out and Related Air Testing, provided such coverage applies; or
 - c. you were required to comply with before the loss (even if the property was undamaged) and you failed to comply.
11. If you elect not to make a Green Upgrade in the course of necessary repair or replacement of the property that has sustained loss or damage, we will settle the loss to such property in accordance with the applicable terms and conditions of this Policy excluding this endorsement.

B. Related Expenses

The following Related Expenses, as described in paragraphs **B.1.** through **B.4.**, apply only with respect to a loss that is covered under paragraph **A.** of this endorsement and only if an amount is entered in the Schedule for Related Expenses for the property that has sustained loss or damage. The most we will pay under this endorsement for the total of all such Related Expenses is the applicable amount shown in the Schedule for Related Expenses. However, if any such Related Expenses are otherwise covered under this Policy, the amount provided under this endorsement for Related Expenses will apply in excess of such coverage.

1. Waste Reduction and Recycling

We will pay your expense to:

- a. reuse or salvage building materials and contents; and
- b. extract and transport recyclable construction waste to appropriate sites;

but any income received as a result of such waste reduction and recycling reduces the amount of loss that otherwise would have been payable under this endorsement.

2. Design and Engineering Professional Fees

We will pay reasonable and customary fees for the services of an accredited architect or engineer with respect to any necessary design and engineering recommendations in the course of repair or replacement of damaged portions of the building.

3. Certification Fees and Related Equipment Testing

- a. We will pay fees imposed by the Green standards-setter in order to determine if certification or recertification is appropriate according to the organization's standard.
- b. We will pay your reasonable expenses to test building systems and building equipment following their repair or installation as replacements, when such testing is undertaken in the course of submitting to the certification or recertification process.
- c. We will not pay for any further modification if the building fails to obtain certification, recertification or a specific level of certification.

4. Building Air-out and Related Air Testing

After repair or reconstruction is completed, we will pay your reasonable expenses to flush out the renovated space and/or conduct air quality testing of the renovated space in accordance with the recommended procedures of a Green standards-setter and for the purpose of mitigating indoor air quality deficiencies resulting from the repair or reconstruction.

C. Business Interruption

The following provisions apply only to the **Business Income (and Extra Expense) Coverage Form**, **Business Income (Without Extra Expense) Coverage Form**, or **Extra Expense Coverage Form**, if such form is included in this Policy with respect to the applicable premises:

1. The "period of restoration" is extended to include the increased period of time attributable to the coverage described in paragraph **A.** and/or paragraph **B.** Such extension is limited to the greater of 30 days or the number of days, if any, indicated in the Schedule.
2. The Additional Coverage - Extended Business Income, in the Business Income Coverage Forms referenced above in this Paragraph **C.**, does not commence until the extended "period of restoration" ends.
3. The provisions of paragraph **C.1.** do not increase the applicable Business Income and/or Extra Expense Limit(s) of Insurance shown in the Declarations.

- D.** The **Coinurance** Additional Condition does not apply to the coverage provided under this endorsement. However, the **Coinurance** Additional Condition continues to apply with respect to the amount of coverage shown in the Declarations for the Covered Property subject to this endorsement.

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