

15-0605-00
J M HAMILTON & ASSOCIATES LLC
1700 EAST BLVD
CHARLOTTE NC 28203

Auto-Owners INSURANCE

LIFE • HOME • CAR • BUSINESS

PO Box 30660 • Lansing, MI 48909-8160
517.323.1200

07-15-2022

AUTO-OWNERS (MUTUAL) INSURANCE COMPANY

You can view your policy, pay your bill, or change your paperless options at any time online at www.auto-owners.com.

ADDITIONAL WAYS TO PAY YOUR BILL

Pay Online www.auto-owners.com Pay My Bill	Pay by Mail AUTO-OWNERS INSURANCE PO BOX 740312 CINCINNATI, OH 45274-0312
Pay by Phone 1-800-288-8740	

LOSO TERRACES TOWNHOME ASSOCIATION
PO BOX 11906
CHARLOTTE NC 28220-1906

Your agency's phone number is (704) 364-0833.

RE: Policy 53-944-365-00

Billing Account 019379567

Thank you for selecting Auto-Owners Insurance Group to serve your insurance needs! Feel free to contact your independent Auto-Owners agent with questions you may have.

Auto-Owners and its affiliate companies offer a full complement of policies, each of which has its own eligibility requirements, coverages and rates. In addition, Auto-Owners also offers many billing options. Please take this opportunity to review your insurance needs with your Auto-Owners agent, and discuss which company, program, and billing option may be most appropriate for you.

Auto-Owners Insurance Company was formed in 1916. Our A++ (Superior) rating by A.M. Best Company signifies that we have the financial strength to provide the insurance protection you need. The Auto-Owners Insurance Group is comprised of six property and casualty companies and a life insurance company.

Serving Our Policyholders and Agents Since 1916

NOTICE OF PRIVACY PRACTICES

What We Do To Protect Your Privacy

At Auto-Owners Insurance Group*, we value your business and we want to retain your trust. In the course of providing products and services, we may obtain nonpublic personal information about you. We assure you that such information is used only for the purpose of providing our products and services to you.

Protecting Confidentiality

Our agents and Company associates may have access to nonpublic personal information only for the purpose of providing our products or services to you. We maintain physical, electronic and procedural safeguards against unauthorized use of your nonpublic personal information.

Information We Obtain

To assist in underwriting and servicing your policy, we may obtain nonpublic personal information about you. For example, we routinely obtain information through applications, forms related to our products or services, from visiting www.auto-owners.com, and your transactions with us. We may obtain such information from our affiliates, independent insurance agents, governmental agencies, third parties, or consumer reporting agencies.

The type of information that we collect depends on the product or service requested, but may include your name, address, contact information, social security number, credit history, claims history, information to properly investigate and resolve any claims, or billing information. We may obtain your medical history with your permission. The nature and extent of the information we obtain varies based on the nature of the products and services you receive.

The Internet and Your Information

If you would like to learn about how we gather and protect your information over the Internet, please see our online privacy statement at www.auto-owners.com/privacy.

Generally, Auto-Owners may use cookies, analytics, and other technologies to help us provide users with better service and a more customized web experience. Our business partners may use tracking services, analytics, and other technologies to monitor visits to www.auto-owners.com. The website may use web beacons in addition to cookies. You may choose to not accept cookies by changing the settings in your web browser.

Information obtained on our websites may include IP address, browser and platform types, domain names, access times, referral data, and your activity while using our site; who should use our web site; the security of information over the Internet; and links and co-branded sites.

Limited Disclosure

Auto-Owners Insurance Group companies do not disclose any nonpublic personal information about their customers or former customers except as permitted by law. We do not sell your personal information to anyone. We do not offer an opportunity for you to prevent or "opt out of" information sharing since we only share personal information with others as allowed by law.

When sharing information with third parties to help us conduct our business, we require them to protect your personal information. We do not permit them to use or share your personal information for any purpose other than the work they are doing on our behalf or as required by law.

The types of information disclosed may include personal information we collect as necessary to service your policy or account, investigate and pay claims, comply with state and federal regulatory requests or demands, and process other transactions that you request. Third parties that receive disclosures may include your independent agent, regulators, reinsurance companies, fraud prevention agencies, or insurance adjusters.

How Long We Retain Your Information

We generally retain your information as long as reasonably necessary to provide you services or to comply with applicable law and in accordance with our document retention policy. We may retain copies of information about you and any transactions or services you have used for a period of time that is consistent with applicable law, applicable statute of limitations or as we believe is reasonably necessary to comply with applicable law, regulation, legal process or governmental request, to detect or prevent fraud, to collect fees owed, to resolve disputes, to address problems with our services, to assist with investigations, to enforce other applicable agreements or policies or to take any other actions consistent with applicable law.

In some circumstances we may anonymize your personal information (so that it can no longer be associated with you) for research or statistical purposes, in which case we may use this information indefinitely without further notice to you. This allows the specific information collected (name, email, address, phone number, etc.) to become anonymous, but allows Auto-Owners to keep the transaction or engagement data.

Changes to the Privacy Policy

We will provide a notice of our privacy policy as required by law. This policy may change from time to time, but you can always review our current policy by visiting our website at www.auto-owners.com/privacy or by contacting us.

Contact Us

Auto-Owners Insurance Company
Phone: 844-359-4595 (toll free)
Email: privacyrequest@aoins.com

*Auto-Owners Insurance Group includes, Auto-Owners Insurance Company, Auto-Owners Life Insurance Company, Home-Owners Insurance Company, Owners Insurance Company, Property-Owners Insurance Company and Southern-Owners Insurance Company.

54537 (6-00)

FLOOD INSURANCE NOTICE
THIS POLICY DOES NOT COVER FLOOD LOSS

In September 1999 floodwaters caused losses in excess of \$5 billion in North Carolina. Unfortunately, many North Carolinians suffered significant losses because they had not purchased a separate flood insurance policy to cover flood losses.

The North Carolina Department of Insurance has requested the North Carolina Insurance Underwriting Association, the North Carolina Joint Underwriting Association, and all property and casualty companies to advise their policyholders that the Businessowners Policy does not provide coverage for floods. You will not have coverage for property damage from floods unless you take steps to purchase a separate policy of flood insurance.

Separate National Flood Insurance Policies covering flood loss are available from Auto-Owners Insurance Company. BE FLOOD ALERT, contact your agency for more information at the address on your policy declarations.

This notice does not expand or increase coverage in any Businessowners Policy or accompanying endorsement. That policy and accompanying endorsements remain subject to all exclusions, limitations and conditions.

54537 (6-00)

Page 1 of 1

59405 (1-07)

North Carolina
NOTICE TO POLICYHOLDER
PERILS NOT COVERED

Dear Policyholder:

"WARNING: THIS PROPERTY INSURANCE POLICY DOES NOT PROTECT YOU AGAINST LOSSES FROM FLOODS, EARTHQUAKES, MUDSLIDES, MUDFLOWS AND LANDSLIDES. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING COVERAGE FOR THESE LOSSES. THIS IS NOT A COMPLETE LISTING OF ALL OF THE CAUSES OF LOSSES NOT COVERED UNDER YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED AND WHAT IS NOT COVERED."

59405 (1-07)

Page 1 of 1

NOTIFICATION OF POSSIBLE CHANGES IN COVERAGE FOR TERRORISM

Dear Policyholder:

The Terrorism Risk Insurance Act (including ensuing Congressional actions pursuant to the Act) will expire on December 31, 2027 unless the Federal government extends the Act. What this means to you is the following:

1. Subject to policy terms and conditions, the enclosed policy will provide insurance coverage for certified acts of terrorism as defined in the Act only until December 31, 2027.
2. A conditional endorsement entitled, Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) is enclosed. This conditional endorsement will only apply if the Act is not extended or if the Act is revised to increase statutory deductibles, decrease the federal government's share in potential losses above the statutory deductibles, change the levels, terms or conditions of coverage and we are no longer required to make terrorism coverage available and elect not to do so. It will not apply if the Act is simply extended.
3. The conditional endorsement will provide coverage for an incident of terrorism pursuant to the terms and conditions of the policy only if the incident does not involve nuclear, biological or chemical material.
4. A premium charge for the conditional endorsement will be applied effective January 1, 2028. The premium will be pro rated for the remainder of the policy term and is one-half of the current premium charge appearing in the Declarations for TERRORISM - CERTIFIED ACTS. However, it will only be made if the Terrorism Risk Insurance Act (including ensuing Congressional actions pursuant to the Act) is not extend. Revised Declarations will be mailed to you after January 1, 2028.
5. If the Act is extended without any revision, the enclosed policy will continue to provide coverage for certified acts of terrorism. The conditional endorsement will not be activated and the changes in coverage or premium referenced above will not apply.
6. If the Act is extended with revisions or is replaced, and we are required or elect to continue to offer coverage for certified acts of terrorism, we may amend this policy in accordance with the provisions of the revised Act or its replacement.

This notice is for informational purposes only.

If you have any questions concerning your policy or this notice, please contact your Auto-Owners agency.

***Businessowners
Insurance Policy***

Auto-Owners Insurance Company

POLICY NON-ASSESSABLE

This policy is non-assessable and the premium stated in the Declarations is the only premium you will be asked to pay.

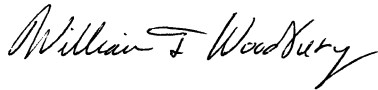
PARTICIPATING

You will be entitled to an equitable participation in Company funds in excess of the amount required to pay expenses and all the losses or claims or other policy obligations incurred, together with the reserve and surplus funds required or permitted by law. A distribution will be made only in accordance with the decision of our Board of Directors acting under the insurance laws and under our charter.

NOTICE OF MEMBERSHIP AND ANNUAL MEETING

Because we are a mutual company, this policy makes you a member of the Auto-Owners Insurance Company. You are entitled to vote, in person or by proxy, at all meetings. Our annual policyholder's meetings are held at our home office at Lansing, Michigan on the second Monday in May in each year at 10:00 A.M.

In witness whereof, we, the Auto-Owners Insurance Company, have caused this policy to be issued and to be duly signed by our President and Secretary.



Secretary



President

(MUTUAL) INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

BUSINESSOWNERS POLICY DECLARATIONS

AGENCY J M HAMILTON & ASSOCIATES LLC
15-0605-00 MKT TERR 045 (704) 364-0833

Effective 07-15-2022

POLICY NUMBER 53-944-365-00

INSURED LOSO TERRACES TOWNHOME ASSOCIATION

Company Use 35-57-NC-2207

ADDRESS PO BOX 11906
CHARLOTTE NC 28220-1906

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
to	
07-15-2022	07-15-2023

54643 (01-90)

Entity: Corporation

PROPERTY COVERAGES - ALL DESCRIBED LOCATIONS

COVERAGE	DEDUCTIBLE	LIMIT	PREMIUM	CHANGE
SPECIAL COVERAGE FORM TERRORISM - CERTIFIED ACTS			\$57.93	

BUSINESS LIABILITY PROTECTION

COVERAGE	LIMIT	PREMIUM	CHANGE
AGGREGATE LIMIT (Other than Products - Completed Operations)	\$2,000,000	\$213.87	
LIABILITY AND MEDICAL EXPENSE	\$1,000,000	Included	
Personal Injury	Included	Included	
TERRORISM - CERTIFIED ACTS		\$5.49	
BUSINESSOWNERS LIABILITY PLUS		\$60.00	
Fire, Lightning, Explosion, Smoke, And Water Damage Legal Liability	\$300,000	Included	
Hired Auto & Non-Owned Auto Liability	\$1,000,000	Included	
Medical Expenses - Per Person	\$10,000	Included	
Products - Completed Operations Aggregate	\$2,000,000	Included	
Blanket Additional Insured - Lessor of Leased Equipment	Included	Included	
Blanket Additional Insured - Managers or Lessors of Premises	Included	Included	
Blanket Waiver of Subrogation	Included	Included	
Broadened Knowledge of Occurrence	Included	Included	
Broadened Supplementary Payments Coverage	Included	Included	
Extended Watercraft Coverage	Included	Included	
Newly Formed or Acquired Organizations	Included	Included	
Personal Injury Extension Coverage	Included	Included	

Forms that apply to all locations:

54510 (07-12)	BP0002 (01-87)	BP0006 (01-87)	54961 (11-11)	BP0009 (01-87)
54679 (12-20)	54709 (04-10)	54098 (05-07)	54319 (04-20)	54867 (03-08)
54656 (08-91)	54088 (09-09)	64728 (02-14)	64776 (01-16)	64839 (07-19)
64855 (04-20)	64866 (12-20)	54254 (04-02)	54621 (07-88)	54353 (10-08)

AUTO-OWNERS (MUTUAL) INS. CO.

Issued 07-15-2022

AGENCY J M HAMILTON & ASSOCIATES LLC
15-0605-00 MKT TERR 045Company
Bill

POLICY NUMBER

53-944-365-00
35-57-NC-2207

INSURED LOSO TERRACES TOWNHOME ASSOCIATION

Term 07-15-2022 to 07-15-2023

PREMIER PROPERTY PLUS COVERAGE PACKAGE DECLARATIONS

The coverages and limits below apply separately to each location or sublocation that sustains a loss to covered property and is designated in the Declarations. No deductible applies to the below Property Plus Coverages unless indicated.

COVERAGE	LIMIT
ACCOUNTS RECEIVABLE	\$200,000
ARSON REWARD	\$7,500
BAILEES COVERAGE	\$15,000
	\$10,000 PER ITEM
BUILDING GLASS COVERAGE	SEE FORM
BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE	UP TO 1,000 FT
BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS	\$5,000
BUSINESS PERSONAL PROPERTY AT NEWLY ACQUIRED PREMISES	\$500,000 FOR 90 DAYS
BUSINESS PERSONAL PROPERTY IN TRANSIT	\$100,000
BUSINESS PERSONAL PROPERTY OFF PREMISES	\$100,000
DEBRIS REMOVAL	\$100,000
ELECTRONIC EQUIPMENT	
UNSCHEDULED EQUIPMENT	\$100,000
ELECTRICAL DISTURBANCE (SEE FORM FOR DEDUCTIBLE)	\$100,000
MECHANICAL BREAKDOWN	\$100,000
BUSINESS INCOME AND EXTRA EXPENSE	\$100,000
MEDIA	\$100,000
TRANSPORTATION	\$100,000
EMPLOYEE DISHONESTY	\$50,000
FINE ARTS, COLLECTIBLES, AND MEMORABILIA	\$50,000
	\$10,000 PER ITEM
FIRE DEPARTMENT SERVICE CHARGE*	\$25,000
*NOT AVAILABLE IN AZ	
FIRE EXTINGUISHER AND FIRE SUPPRESSION SYSTEM RECHARGE	\$10,000
FORGERY AND ALTERATION	\$50,000
MONEY & SECURITIES INSIDE PREMISES	\$50,000
MONEY & SECURITIES OUTSIDE PREMISES	\$50,000
NEWLY ACQUIRED OR CONSTRUCTED PROPERTY	\$1,000,000 FOR 90 DAYS
OFF-PREMISES UTILITY SERVICE FAILURE	\$150,000
*BUSINESS INCOME/EXTRA EXPENSE LIMITED TO \$25,000 IN AL, NC, AND SC	
ORDINANCE OR LAW	
COVERAGE A, B AND C COMBINED	\$150,000
OUTDOOR PROPERTY	\$20,000
TREES, SHRUBS OR PLANTS	\$1,000 PER ITEM

AUTO-OWNERS (MUTUAL) INS. CO.

Issued 07-15-2022

AGENCY J M HAMILTON & ASSOCIATES LLC
15-0605-00 MKT TERR 045

Company **POLICY NUMBER** **53-944-365-00**
Bill 35-57-NC-2207

INSURED LOSO TERRACES TOWNHOME ASSOCIATION

Term 07-15-2022 to 07-15-2023

PREMIER PROPERTY PLUS COVERAGE PACKAGE DECLARATIONS

COVERAGE	LIMIT
OUTDOOR SIGNS	\$15,000
PERSONAL EFFECTS AND PROPERTY OF OTHERS	\$50,000
POLLUTANT CLEAN UP AND REMOVAL	\$100,000
REFRIGERATED PRODUCTS	\$25,000
REKEYING OF LOCKS	\$1,000
SALESPERSON'S SAMPLES	\$25,000
VALUABLE PAPERS AND RECORDS	\$150,000
WATER BACK-UP FROM SEWERS OR DRAINS	\$50,000

LOCATION 0001

Location: 7016 Loso Commons Way, 7012-7020 ,Charlotte, NC 28217

COVERAGE	DEDUCTIBLE	LIMIT	PREMIUM	CHANGE
COVERAGE PACKAGE: PROPERTY PLUS		See Property Plus Declarations	\$218.21	
Tier: Premier				
TERRORISM - CERTIFIED ACTS SEE FORM(S) 59350, 59390, 54309				
Total Building Blanket Limit of Insurance		\$1,117,357		

Forms that apply to this location:

54661 (08-91) 54238 (12-01) 64747 (04-15) 54605 (11-88) BP0007 (01-90)
54244 (05-07) IL0162 (04-90) 54094 (11-19) 59350 (01-15) 54309 (09-19)

LOCATION 0001 - BUILDING 0001

COVERAGE	DEDUCTIBLE	LIMIT	PREMIUM	CHANGE
BUILDING - GUARANTEED REPLACEMENT COST - BLANKET		\$1,117,357	\$2,576.24	
Special Coverage Form Deductible	\$2,500	Included		
Windstorm or Hail Flat Deductible	\$2,500	Included		
Adjusted Value Factor 0.2420				
BUSINESS INCOME AND EXTRA EXPENSE		12 Months	Included	
LIMITATION OF COVERAGE FOR FUNGI, MOLD, DRY ROT, AND WET ROT		See Form	Included	
EQUIPMENT BREAKDOWN	\$2,500	See Form	\$95.01	
COVERAGE PACKAGE: PROPERTY PLUS			Included	
Tier: Premier				

AUTO-OWNERS (MUTUAL) INS. CO.

Issued 07-15-2022

AGENCY J M HAMILTON & ASSOCIATES LLC
15-0605-00 MKT TERR 045

Company Bill POLICY NUMBER 53-944-365-00
35-57-NC-2207

INSURED LOSO TERRACES TOWNHOME ASSOCIATION

Term 07-15-2022 to 07-15-2023

Forms that apply to this building:

54659 (12-20)	54499 (04-13)	54500 (04-13)	54069 (08-00)	54340 (04-13)
54743 (08-00)	54750 (08-00)	54073 (08-00)	54226 (08-00)	54752 (08-00)
54064 (08-00)	54072 (04-14)	54067 (08-00)	54708 (01-07)	54062 (08-00)
54060 (02-06)	54070 (02-05)	54745 (08-00)	54066 (08-00)	54065 (08-00)
54658 (04-07)	54749 (08-10)	54068 (08-00)	54063 (03-13)	54227 (08-00)
54341 (03-13)	54748 (08-00)	54228 (04-13)	54841 (03-17)	

Occupied As: Townhome Building with 3 units

Secured Interested Parties: None

Rating Information

Occupancy: Townhome Association 1-4 Units

Class Code: 69145

Program: Apartment

Liability Rate Number: 00

Burglary Rate Group: 00

Construction: Frame, Non-Sprinklered

Protection Class: 01

Territory: 011 Mecklenburg County

Construction Year: 2022

	TERM	CHANGE
TOTAL ANNUAL PREMIUM	\$3,226.75	
MINIMUM PREMIUM PROPERTY PLUS COVERAGE ADJUSTMENT	\$6.79	
TOTAL POLICY PREMIUM	\$3,233.54	
PAID IN FULL DISCOUNT	\$294.30	
TOTAL POLICY PREMIUM IF PAID IN FULL	\$2,939.24	

Paid In Full does not apply to fixed fees, statutory charges, or minimum premium.

Paid In Full Discount is available.

54621 (7-88)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SUNTANNING DEVICE EXCLUSION

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS LIABILITY COVERAGE FORM.

It is agreed:

No coverage is provided by this policy for any claim, suit, action or proceeding against the insured arising out of the ownership, operation, maintenance or use of a suntanning device.

54621 (7-88)

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Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSIONS

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS LIABILITY COVER-AGE FORM.

It is agreed:

A. The following exclusions are added to section **1.** of **B. EXCLUSIONS:**

1. "Bodily injury" or "property damage" arising out of, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria, whether airborne or not, on or within a building or structure, including its contents. This exclusion applies whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
2. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person, entity or governmental authority.

These exclusions do not apply to any "fungi" or bacteria that are on, or are contained in, a good or product intended for human consumption.

B. The following exclusions are added to section **1.** paragraph **p.** of **B. EXCLUSIONS:**

1. Arising out of, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria, whether airborne or not, on or within a building or structure, including its contents. This exclusion applies whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
2. For any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person, entity or governmental authority.

C. The following definition is added to **F. LIABILITY AND MEDICAL EXPENSE DEFINITIONS:**

"Fungi" means any type or form of fungus, including but not limited to, any mold, mildew, mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

All other policy terms and conditions apply.

BUSINESSOWNERS
BP 00 07 01 90

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EFFECTIVE TIME CHANGES - REPLACEMENT OF 12 NOON

This endorsement modifies the BUSINESSOWNERS POLICY.

To the extent that coverage in this policy replaces coverage in other policies terminating noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has terminated.

BP 00 07 01 90

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54068 (8-00)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REKEYING OF LOCKS

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Rekeying of Locks

We will pay reasonable necessary expenses you incur to rekey locks on doors of the building described in the Declarations, provided the keys to such locks are a part of a theft loss covered by this policy. The most we will pay is the Limit of Insurance shown in the Declarations for REKEYING OF LOCKS. This is an additional amount of insurance. No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

54068 (8-00)

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54069 (8-00)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARSON REWARD

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Arson Reward

We will pay for information which leads to a conviction for arson in connection with a fire loss to Covered Property insured by this policy. The most we will pay is the Limit of Insurance shown in the Declarations for ARSON REWARD regardless of the number of persons who provide information. This payment shall be in addition to the amount of insurance applying to the Covered Property. No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

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54072 (4-14)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY PLUS COVERAGE PACKAGE AMENDATORY ENDORSEMENT

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **C. LIMITS OF INSURANCE**, the following provision is added:

The corresponding Limit of Insurance for any one coverage, which is part of the PROPERTY PLUS COVERAGE PACKAGE, applies only to loss of or damage to covered property at each building and at each location designated in the Declarations regardless of the number of buildings or locations shown in the Declarations.

All other policy terms and conditions apply.

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54073 (8-00)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 1. Covered Property, b. Business Personal Property**, the phrase ". . .within 100 feet of the described premises. . ." is deleted and replaced by ". . .within the distance, shown in the Declarations for BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, from the described premises. . .".

All other policy terms and conditions apply.

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54605 (11-88)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL AMENDATORY ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS POLICY.

Unless indicated in the Declarations, the following coverages are deleted under:

1. **PROPERTY COVERAGE FORMS STANDARD OR SPECIAL:** Additional coverages - Business Income and Extra Expense.
2. **BUSINESSOWNERS LIABILITY COVERAGE FORM:** Personal Injury - Damages because of personal injury as afforded under Business Liability.

Druggist Liability - Bodily injury or property damage arising out of practice of pharmacy as afforded under Business Liability by Exception to Exclusion j(9).

54605 (11-88)

Page 1 of 1

54661 (8-91)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE ASBESTOS EXCLUSION ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS LIABILITY COVERAGE FORM.

No coverage is provided by this coverage form for any claim, suit, action or proceeding against the insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos related particle, dust, irritant, contaminant, pollutant, toxic element or material.

All other policy terms and conditions apply.

54661 (8-91)

Page 1 of 1

54679 (12-20)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMUNICABLE DISEASES EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

The following exclusion is added to **B. EXCLUSIONS.**

Communicable Disease

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of the actual or alleged transmission of a communicable disease. This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

All other policy terms and conditions apply.

54679 (12-20)

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64776 (1-16)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGES - TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

BUSINESSOWNERS COMMON POLICY CONDITIONS, J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US is amended. The following condition is added.

If the claim paid is less than the agreed loss because of any deductible or other limiting terms, the recovery is

prorated between you and us based on the interest of each in the loss. This condition only applies if we pay for a loss and then payment is made by those responsible for the loss.

All other policy terms and conditions apply.

64776 (1-16)

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64866 (12-20)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGES - EXCLUSION FOR INSECTS, BIRDS, RODENTS OR OTHER ANIMALS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

B. EXCLUSIONS, 2.d. Maintenance Types of Loss:, (5) is deleted and replaced by the following exclusion.

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;

All other policy terms and conditions apply.

64866 (12-20)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEBRIS REMOVAL

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages, a. Debris Removal**, paragraph **(4)** is deleted and replaced by the following:

(4) If:

- (a)** The sum of loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (b)** The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph (2) above;

we will pay up to the Limit of Insurance shown in the Declarations for DEBRIS REMOVAL.

All other policy terms and conditions apply.

54067 (8-00)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FIRE DEPARTMENT SERVICE CHARGE

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages, c. Fire Department Service Charge** is deleted and replaced by the following:

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the Limit of Insurance shown in the Declarations for FIRE DEPARTMENT SERVICE CHARGE for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

54067 (8-00)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS PERSONAL PROPERTY IN TRANSIT

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 6. Coverage Extensions, b. Personal Property Off Premises** is deleted.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Business Personal Property In Transit

- a. We will pay for direct physical loss of or damage to your Business Personal Property (other than property in the care, custody or control of your salespersons) in transit beyond the distance shown in the Declarations, under BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, from the described premises caused by or resulting from any Covered Cause of Loss.
- b. Property must be in or upon a motor vehicle you own, lease or operate.
- c. Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for BUSINESS PERSONAL PROPERTY IN TRANSIT.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

AMENDMENT OF POLLUTION EXCLUSION - EXCEPTION FOR BUILDING HEATING EQUIPMENT

This endorsement modifies insurance provided under the BUSINESSOWNERS LIABILITY COVERAGE FORM.

It is agreed:

Under **B. EXCLUSIONS, 1. f.**, subparagraph **(1) (a)** is deleted and replaced by the following:

This insurance does not apply to:

- f. (1)** "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:
 - (a)** At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph, **(a)**, does not apply to "bodily injury" if sustained within a building at such premises, site or location and caused by smoke, fumes, vapor or soot from equipment used to heat a building at such premises, site or location.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FIRE EXTINGUISHER AND FIRE SUPPRESSION SYSTEM RECHARGE

This endorsement modifies insurance under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Fire Extinguisher And Fire Suppression System Recharge

We shall pay for the recharging of fire extinguishers and fire suppression systems that you own that have been discharged to control a fire at a premises described in the Declarations.

The most we shall pay to recharge your fire extinguishers and fire suppression systems in any one occurrence is the Limit of Insurance shown in the Declarations for FIRE EXTINGUISHER AND FIRE SUPPRESSION SYSTEM RECHARGE.

No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 6. Coverage Extensions, b. PERSONAL PROPERTY OFF PREMISES** is deleted.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Business Personal Property at Fairs or Exhibitions

We will pay for direct physical loss of or damage to Business Personal Property while it is temporarily at any fair or exhibition caused by or resulting from any Covered Cause of Loss. This Additional Coverage shall apply for a period not to exceed 15 days at any one fair or exhibition. This coverage does not apply to Covered Property in or on a vehicle.

Our payment for any one loss at any one fair or exhibition shall not exceed the Limit of Insurance shown in Declarations for BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER BACK-UP FROM SEWERS OR DRAINS

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages, f. Business Income** and **g. Extra Expense** do not apply to the coverage provided by this endorsement.
2. Subject to the provisions of paragraph **3.** below, under **B. EXCLUSIONS, g. Water** subparagraph **(3)** is deleted.
3. Under **C. LIMITS OF INSURANCE**, the following limitation is added:

The most we shall pay for all loss of or damage to Covered Property caused directly by water back-up from sewers or drains in any one loss is the Limit of Insurance shown in the Declarations for WATER BACK-UP FROM SEWERS OR DRAINS. In the event the amount of loss of or damage to Covered Property does not exceed the Limit of Insurance shown in Declarations for WATER BACK-UP FROM SEWERS OR DRAINS, you may at your option, apply the remainder of such Limit of Insurance to your actual loss Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the BUSINESS INCOME AND EXTRA EXPENSE endorsement.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AGGREGATE LIMITS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

Under **D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**, **4. Aggregate Limits** is deleted and replaced by the following

4. Aggregate Limits

The most we will pay for:

- a. Injury or damage under the "products/completed operations hazard" arising from all "occurrences" during the policy period is the

Products-Completed Operations Aggregate limit shown in the Declarations; and

- b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is the Aggregate Limit (Other than Products-Completed Operations) shown in the Declarations. This limitation does not apply to "property damage" to premises rented to you arising out of fire or explosion.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM
BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM

B. EXCLUSIONS, Paragraph **1.** is amended. The following exclusion is added.

Virus Or Bacteria

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in Paragraph **(1)** does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in the Limited Coverage For Fungi, Wet Rot Or Dry Rot endorsement.

- (3) With respect to any loss or damage subject to the exclusion in Paragraph **(1)**, such exclusion supersedes any exclusion relating to "pollutants". This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FORGERY AND ALTERATION

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Forgery And Alteration

- a. We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
 - b. If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
 - c. The most we will pay for any loss, including legal expenses, under this Additional Coverage is the Limit of Insurance shown in the Declarations for FORGERY AND ALTERATION.
2. Under **H. PROPERTY DEFINITIONS**, the following definition is added and applies only to the coverage afforded by the Additional Coverage, Forgery And Alteration.

"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.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SALESPERSON'S SAMPLES

This endorsement modifies insurance under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

1. Under the **A. COVERAGE 5. Additional Coverages**, the following Additional Coverage is added:

Salesperson's Samples

We will pay for direct physical loss of or damage to samples of merchandise which are:

1. Owned by you while in your care, custody or control;
2. Owned by you and in the care, custody or control of your salesperson and/or agents; or
3. While in transit, except by parcel post, between your premises and the salesperson and/or agent caused by or resulting from any Covered Cause of Loss.

This coverage does not apply to:

1. Jewelry, furs or articles consisting principally of fur;
2. Property located in or on the building described in the Declarations or in the open (or in a vehicle) within the distance shown in the Declarations, under BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, from the described premises;
3. Property at or on the premises of your salespersons and/or agents; or
4. Merchandise intended for sale, which may be sold and shipped by you to others, or which has been purchased by you from others.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for SALESPERSON'S SAMPLES.

2. Under SECTION B. EXCLUSIONS the following exclusions are added to apply only to this Additional Coverage.
 - a. Breakage, marring, scratching, tearing or denting, unless caused by: fire or lightning; aircraft; theft and/or attempted theft; earthquake; flood; explosion; malicious damage or collision; derailment or overturn of a transporting conveyance.
 - b. Mysterious or unexplained disappearance or from shortage disclosed by taking inventory.
 - c. Theft from any vehicle, unless at the time of the theft there is actually in or upon such vehicle your salesperson, representative or a permanent employee, or a person whose sole duty it is to attend the vehicle. This exclusion shall not apply to property in the custody of a common carrier.
3. In addition to the conditions of this coverage form, the following conditions apply only to this Additional Coverage.
 1. **PAIR OR SET**
In case of loss of or damage to any part of a pair or set, we may:
 - (a) repair or replace any part of the pair or set to restore it to its value before the loss; or
 - (b) pay the difference between the actual cash value of the property before and after the loss.
 2. **PARTS**
In case of loss or damage to any part of property covered, consisting of several parts when complete, we shall pay only for the value of the part lost or damaged.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTANT CLEAN UP AND REMOVAL

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages, h. Pollutant Clean Up and Removal** is deleted and replaced by the following:

h. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge or dispersal 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 earlier of:

- (1) The date of direct physical loss or damage; or
- (2) The end of the policy period.

The most we will pay under this Additional Coverage at each described premises for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy is the Limit of Insurance shown in the Declarations for POLLUTANT CLEAN UP AND REMOVAL.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL EFFECTS AND PROPERTY OF OTHERS

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Personal Effects and Property of Others

We shall pay for direct physical loss or damage to:

- (1) Personal effects owned by you, your officers, your partners or your employees caused by or resulting from any Covered Cause of Loss except loss or damage by theft.
- (2) Personal property of others in your care, custody or control caused by or resulting from any Covered Cause of Loss.

Our payment for any one loss at any described premises shall not exceed the Limit of Insurance shown in the Declarations for PERSONAL EFFECTS AND PROPERTY OF OTHERS. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property. This coverage is excess over any other coverage provided by this policy.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

The following exclusion is added to **B. EXCLUSIONS, 1. Applicable to Business Liability Coverage:**

Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury", "property damage", "personal injury" or "advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;

3. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
4. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGES - WATER DAMAGE EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

B. EXCLUSIONS is amended. Exclusion **g. Water** is deleted and replaced by the following.

g. Water

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

- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **g.(1)** through **(5)** is caused by an act of nature or is otherwise caused. However, if any of the above in Paragraphs **g.(1)** through **(5)**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADJUSTED VALUE FACTOR INFLATION GUARD COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Under **C. LIMITS OF INSURANCE, 4. Building Limit-Automatic Increase**, is deleted and replaced by the following:

4. Building and Business Personal Property - Adjusted Value Inflation Guard Coverage

a. Building Limit

- (1)** The Limit of Insurance for Buildings will automatically increase by the adjusted value factor shown in the Declarations for Building.
- (2)** The amount of the increase will be:
 - (a)** The Building limit that applied on the most recent of the following:
 - 1)** The policy inception date;
 - 2)** The policy anniversary date; or
 - 3)** The date of any other policy change amending the Building limit, times
 - (b)** The adjusted value factor shown in the Declarations, times
 - (c)** The number of days since the applicable date in **(2)(a)** immediately above divided by 365 days.
- (3)** The Limit of Insurance for Buildings will be rounded to the nearest \$100 at each renewal.

b. Business Personal Property Limit

- (1)** The Limit of Insurance for Business Personal Property will automatically increase by the adjusted value factor shown in the Declarations for Business Personal Property.
- (2)** The amount of the increase will be:
 - (a)** The Business Personal Property limit that applied on the most recent of the following:
 - 1)** The policy inception date;
 - 2)** The policy anniversary date; or
 - 3)** Any other policy change amending the Business Personal Property limit, times
 - (b)** The adjusted value factor shown in the Declarations, times
 - (c)** The number of days since the applicable date in **(2)(a)** immediately above divided by 365 days.
- (3)** The Limit of Insurance for Business Personal Property will be rounded to the nearest \$10 at each renewal.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BAILEES COVERAGE

This endorsement modifies insurance under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

1. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Bailees Coverage

- a. We will pay for direct physical loss or damage to the property of others that:
 - (1) Is in your possession or in the possession of any of your employees; or
 - (2) Is being transported by you, any of your employees, a public carrier or mail service.
- b. We will also cover your actual incurred cost for labor and materials.
- c. We do not cover the following properties:
 - (1) Property held for storage or for which a storage charge is made. If you do not have instructions from the owner of the goods to store goods held by you, such goods are not considered stored.
 - (2) Property while in the possession of any person, company or corporation other than you, your employees, a public carrier or mail service.
 - (3) Any land motor vehicle.
 - (4) Watercraft.
 - (5) Aircraft including objects falling from aircraft.
 - (6) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities.
 - (7) Contraband or property in the course of illegal transportation or trade.
- d. In addition to other policy exclusions, we will not pay for loss or damage caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
 - (1) Misappropriation, secretion, conversion, infidelity or any dishonest act by you or others or the employees or agents of either to whom the covered property may be entrusted. This exclusion does not apply to carriers for hire.
 - (2) Delay.
 - (3) Vandalism or malicious mischief.
 - (4) Burglary of property left in your delivery vehicles overnight unless locked and in your building which you occupy.
- e. We will pay no more than the smallest of either:
 - (1) The cost to replace damaged property with new property of similar quality and features reduced by the amount of decrease in value because of age, wear, obsolescence or market value applicable to the damaged property immediately prior to the loss; or
 - (2) The Limit of Insurance shown in the Declarations for BAILEES COVERAGE.This is an additional amount of insurance.
Our payment for loss of or damage to property of others will only be for the account of the owner of the property.
- f. No deductible applies to this Additional Coverage.

2. Under **E. PROPERTY LOSS CONDITIONS, 6. Loss Payment, d. (3)** the following is added:
All property covered under Bailees Coverage.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTION EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE PART

Exclusion f. under COVERAGE A is replaced by the following:

- f. (1)** "Bodily injury", "property damage" or "personal injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:
- (a)** At or from premises you own, rent or occupy;
 - (b)** At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;
 - (c)** That are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may be legally responsible; or
 - (d)** At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:
 - (i)** If the pollutants are brought on or to the site or location in connection with such operations; or
 - (ii)** If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.
- (2)** Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

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.

Subparagraphs (a) and (d)(i) of paragraph (1) of this exclusion do not apply to "bodily injury", "property damage" or "personal injury" caused by heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUILDING GLASS COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. BUILDING GLASS COVERAGE

- a. If the Declarations indicates Building Glass applies, we will pay for direct physical loss or damage to your interior and exterior building glass, including all lettering and ornamentation.
- b. We will also pay for necessary:
 - (1) Expenses incurred to put up temporary plates or board up openings;
 - (2) Repair or replacement of encasing frames; and
 - (3) Expenses incurred to remove or replace obstructions.
- c. **SECTION A.3., Covered Causes of Loss** and **SECTION B., EXCLUSIONS**, do not apply to this coverage, except for:
 - (1) Paragraph **B.1.c., Governmental Action**;
 - (2) Paragraph **B.1.d., Nuclear Hazard**; and
 - (3) Paragraph **B.1.f., War and Military Action**.
- d. We will not pay for loss or damage:

Caused by or resulting from:

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

- 2. **SECTION A.4., LIMITATIONS**, paragraph b. does not apply to this coverage.

- 3. **SECTION C., LIMITS OF INSURANCE**, paragraph 1. is deleted and replaced by:

- 1. The Limit of Insurance shown in the Declarations for:
 - a. The building is the most we will pay for all loss or damage to that building including interior and exterior glass, in any one occurrence; or
 - b. If no Limit of Insurance is shown for a building, the Limit of Insurance for business personal property is the most we will pay for all loss or damage to the business personal property, including interior and exterior glass, in any one occurrence.

- 4. **SECTION D. DEDUCTIBLES** is revised as follows:

- a. Paragraph **2.c.** is deleted.
- b. Paragraph **4.** is added:
 - 4. We will not pay for loss or damage to building glass in any one occurrence until the amount of loss or damage exceeds the glass deductible shown in the Declarations. We will then pay the amount of loss that exceeds the deductible. This deductible applies only once per occurrence regardless of the number of insured buildings or the amount business personal property sustaining covered loss or damage. The glass deductible will be used toward satisfying the requirements of the PROPERTY COVERAGES deductible in the Declarations.

- 5. **SECTION G. OPTIONAL COVERAGES**, paragraph 2. **Exterior Grade Floor Glass** is deleted.

All other policy terms and conditions apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GUARANTEED BUILDING REPLACEMENT COST

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

It is agreed:

When Guaranteed Replacement Cost is shown in the Declarations, **C. LIMITS OF INSURANCE** is amended to include the following:

Guaranteed Building Replacement Cost

If you have:

- a. permitted us to adjust the Limit of Insurance for the Building to reflect:
 - (1) any increase due to inflation; and
 - (2) property valuation estimates made by us;
- b. paid any additional premium for adjustment of the Limit of Insurance for the Building;
- c. notified us within 90 days from the start of construction of any new building, addition to or remodeling of an existing insured building, which increases the replacement cost by \$10,000 or more; and

d. elected to repair or replace the damaged building then, at the time of loss to your building, we will adjust the Limit of Insurance for Building to equal the current replacement cost of the building if the amount of loss to the building exceeds the Limits of Insurance as determined by **4. Building Limit - Automatic Increase**. These provisions do not apply to any loss or damage to a covered building or structure resulting directly or indirectly from mine subsidence. In no event shall our payment under the Additional Coverage, Limited Coverage For "Fungi", Wet Rot or Dry Rot, be increased because of these provisions.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

The following exclusions apply in addition to those contained in **B. EXCLUSIONS, 1. Applicable to Business Liability Coverage.**

"Bodily injury", "personal injury" or "advertising injury":

(1) Arising out of any:

- (a) Refusal to employ;
- (b) Termination of employment;
- (c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or
- (d) Criminal or civil action brought against a person by or at the direction of the insured directly or indirectly related to any offense described in (a), (b) or (c) above; or

(2) To anyone as a consequence of "bodily injury", "personal injury" or "advertising injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c) or (d) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity;
- (2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;
- (3) Whether directly or indirectly related to a person's prospective, current or past employment; or
- (4) To any obligation to share damages with or repay someone else who may pay damages because of the injury.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OUTDOOR PROPERTY

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 6. Coverage Extensions, c. Outdoor Property** is deleted.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Outdoor Property

We shall pay for direct physical loss or damage to your outdoor fences, radio and television antennas, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss of or damage to:

- (1) all trees, shrubs or plants (other than "stock" of trees, shrubs or plants) and all covered outdoor property is the Limit of Insurance shown in the Declarations for OUTDOOR PROPERTY.
- (2) any one tree, shrub or plant (other than "stock" of trees, shrubs or plants) is the Limit of Insurance per item shown in the Declarations under TREES, SHRUBS OR PLANTS.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REFRIGERATED PRODUCTS

This endorsement modifies insurance under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages, f. Business Income** and **g. Extra Expense** do not apply to the coverage provided by this Additional Coverage.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Refrigerated Products

We shall pay for loss of or damage to "perishable stock" caused directly by any of the following:

 - a. Mechanical breakdown of the refrigeration system; or
 - b. The interruption of electrical services to the refrigeration system caused by direct physical damage to the electrical generating or transmission equipment of your "local utility service".

You must exercise diligence in inspecting and maintaining refrigeration equipment. If interruption of electrical service or mechanical or electrical breakdown is known, you must use all reasonable means to protect the covered property from further damage.
3. Under **C. LIMITS OF INSURANCE**, the following limitation is added:

The most we shall pay for all loss or damage caused directly by mechanical or electrical breakdown of the refrigeration system or the interruption of electrical service to the refrigeration system caused by direct physical damage by a Covered Cause of Loss to the electrical generating or transmission equipment of your "local utility service" in any one loss is the Limit of Insurance shown in the Declarations for REFRIGERATED PRODUCTS. In the event the amount of loss of or damage to "perishable stock" does not exceed the Limit of Insurance shown in the Declarations for REFRIGERATED PRODUCTS, you may at your option, apply the remainder of such Limit of Insurance to your actual loss Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the BUSINESS INCOME AND EXTRA EXPENSE endorsement.
4. Under **SECTION B. EXCLUSIONS**:

All other policy terms and conditions apply.

Includes copyrighted material of ISO Commercial Services, Inc., with its permission
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- a. exclusion **1.e. Power Failure** is deleted and replaced by the following exclusion.
 - e. **Off-Premises Services**
We shall not pay for loss or damage caused by or resulting from the failure to supply "power supply services" from any regional or national grid.
 - b. Exclusion **2.d.(6)** is deleted and replaced by the following exclusion for this Additional Coverage only:
 - (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision or mechanical breakdown of refrigeration systems.
5. **Definitions**
The following definitions apply only to this Additional Coverage:

"Local Utility Service" means your billing entity, repair entity or service entity directly providing "power supply services" to the premises described in the Declarations.

"Perishable stock" means merchandise held in storage or for sale that is refrigerated for preservation and is susceptible to loss or damage if the refrigeration fails.

"Power Supply Services" means the following types of property supplying electricity to the described premises that are not located on a described premises and not rented, leased or owned by any insured:

 - (1) Utility generating plants;
 - (2) Switching stations;
 - (3) Substations;
 - (4) Transformers; and
 - (5) Transmission lines.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 6. Coverage Extensions, a. Personal Property at Newly Acquired Premises**, is deleted.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Newly Acquired or Constructed Property

a. We will pay for direct physical loss or damage to:

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

The most we will pay for loss or damage is the Limit of Insurance shown in the Declarations for **NEWLY ACQUIRED OR CONSTRUCTED PROPERTY**.

b. We will pay for direct physical loss of or damage to Business Personal Property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage is the Limit of Insurance shown in the Declarations for **BUSINESS PERSONAL PROPERTY AT NEWLY ACQUIRED PREMISES** at each building.

c. Coverage for each newly acquired or constructed property will end when any of the following first occurs:

- (1) This policy expires.
- (2) The number of days shown in the Declarations under:
 - (a) **NEWLY ACQUIRED OR CONSTRUCTED PROPERTY** at new premises; or
 - (b) **BUSINESS PERSONAL PROPERTY AT NEWLY ACQUIRED PREMISES**;expire after you acquire or begin to construct the property.
- (3) You report values to us.
- (4) You secure other insurance for such property.

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

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS PERSONAL PROPERTY OFF PREMISES

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 6. Coverage Extensions, b. Personal Property Off Premises** is deleted.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Business Personal Property Off Premises

We shall pay for direct physical loss of or damage to your Business Personal Property:

- a. That is temporarily at a location you do not own, lease or operate; and
- b. Caused by or resulting from any Covered Cause of Loss.

This Coverage does not apply to Covered Property:

- a. In or on a vehicle;
- b. In the care, custody or control of your salespersons; or
- c. At any fair or exhibition.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for BUSINESS PERSONAL PROPERTY OFF PREMISES.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYER'S LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

1. Under **B. EXCLUSIONS, 1. Applicable to Business Liability Coverage**, exclusion **e.** is deleted and replaced by the following exclusion.

e. "Bodily injury" to:

- (1) An employee of any insured arising out of and in the course of employment by any insured; or
- (2) The spouse, child, parent, brother or sister of that employee as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether any insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by any insured under an "insured contract".

2. **C. WHO IS AN INSURED** is amended as follows. Paragraph **1.** is deleted and replaced by the following.

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of business which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partner, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are insured. Your members are also insureds, but only with respect to the conduct of your business.
 - d. An organization other than a partnership or joint venture, you are an insured. Your ex-

ecutive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

However, with respect to paragraphs **1. a.** through **1. d.** above, no person is an insured for "bodily injury" or "personal injury":

a. To:

- (1) You and your spouse if the Named Insured is an individual;
- (2) Your members, your partners, and their spouses if the Named Insured is a partnership or joint venture;
- (3) Your members if the Named Insured is a Limited Liability Company; or
- (4) Your executive officers and directors if the Named Insured is other than a partnership, joint venture or limited liability company.

b. To an employee of any insured while in the course of his or her employment or performing duties related to the conduct of any insured's business.

c. To the spouse, child, parent, brother or sister of any employee as a consequence of Paragraph **b.** immediately above.

d. For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **a.** and **b.** immediately above.

e. Arising out of his or her providing or failing to provide professional health care services.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE

**A. The following is added to Paragraph 1. of B
EXCLUSIONS:**

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

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

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

As used in this exclusion, electronic data means information, facts or 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 media which are used with electronically controlled equipment. The term computer programs,

referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

**B. The following is added to Paragraph p. of B
EXCLUSIONS:**

Personal Injury And Advertising Injury

"Personal injury" and "advertising injury":

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

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

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGES - ACTUAL CASH VALUE AND DEPRECIATION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Wherever it appears in this Coverage Form and any endorsement attached to this Coverage Form:

1. Actual cash value means the cost to repair or replace lost or damaged property with property of similar quality and features reduced by the amount of depreciation applicable to the lost or damaged property immediately prior to the loss.
2. Depreciation means a decrease in value because of age, wear, obsolescence or market value and includes:
 - a. The cost of materials, labor and services;

- b. Any applicable taxes; and
- c. Profit and overhead necessary to repair, rebuild or replace lost or damaged property.

The meanings of actual cash value and depreciation in this endorsement supersede any provision in this Coverage Form and any endorsement attached to the Coverage Form to the contrary.

All other policy terms and conditions apply.

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - PROPERTY 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 policy, means the following types of property for which a Limit of Insurance is shown in the Declarations:

- a. **Buildings**, meaning the buildings and structures at the premises described in the Declarations, including:
 - (1) Completed additions;
 - (2) Permanently installed fixtures, machinery and equipment;
 - (3) Your personal property in apartments or rooms furnished by you as landlord;
 - (4) Outdoor fixtures;
 - (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(6) If not covered by other insurance:

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

b. **Business Personal Property** located in or on the buildings at the described premises or in the open (or in a vehicle) within 100 feet of the described premises, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control; but this property is not covered for more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others; and
- (3) Tenant's 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.

2. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. Bullion, money or securities;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops or lawns;
- e. Outdoor fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided in the:
 - (1) Outdoor Property Coverage Extension; or
 - (2) Outdoor Signs Optional Coverage;
- f. Watercraft (including motors, equipment and accessories) while afloat.

3. Covered Causes of Loss

RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

- a. Excluded in Section B., Exclusions; or
- b. Limited in Paragraph A.4., Limitations; that follow.

4. Limitations

- a. We will not pay for loss of or damage to:
 - (1) 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.

- (2) 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.
- (3) Property that is missing, but there is no physical evidence to show what happened to it, such as shortage disclosed on taking inventory. This limitation does not apply to the Optional Coverage for Money and Securities.
- (4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

- b. We will not pay more for loss of or damage to glass that is part of a building or structure than \$100 for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver, or shutter. We will not pay more than \$500 for all loss of or damage to building glass that occurs at any one time.

This Limitation does not apply to loss or damage by the "specified causes of loss", except vandalism.

- c. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken, unless caused by the "specified causes of loss" or building glass breakage. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
- d. For loss or damage by theft, the following types of property are covered only up to the limits shown:
 - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold,

silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

- (3) \$2,500 for patterns, dies, molds and forms.

5. Additional Coverages

a. Debris Removal

- (1) 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 earliest of:

- (a) The date of direct physical loss or damage; or
(b) The end of the policy period.

- (2) The most we will pay under this Additional Coverage is 25% of:

- (a) The amount we pay for the direct loss or damage; plus
(b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in paragraph (4) below.

- (3) This Additional Coverage does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
(b) Remove, restore or replace polluted land or water.

- (4) If:

- (a) The sum of loss or damage and debris removal expense exceeds the Limit of Insurance; or
(b) The debris removal expense exceeds the amount payable under

the 25% Debris Removal coverage limitation in paragraph (2) above;

we will pay up to an additional \$5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of 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 10 days after the property is first moved.

c. Fire Department Service Charge

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

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

d. Collapse

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- (1) The "special causes of loss" or breakage of building glass, all only as insured against in this policy;
(2) Hidden decay;
(3) Hidden insect or vermin damage;
(4) Weight of people or personal property;
(5) Weight of rain that collects on a roof;

- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

We will not pay for loss of or damage to the following types of property, if otherwise covered in this policy, under items (2), (3), (4), (5) and (6) unless the loss or damage is a direct result of the collapse of a building:

awnings; gutters and downspouts; yard fixtures; outdoor swimming pools; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

e. Water damage

If loss or damage caused by or resulting from a covered water 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 steam escapes.

We will not pay the cost of repairing or replacing the system or appliance itself; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1) Results in sprinkler leakage; or
- (2) Is directly caused by freezing.

f. Business Income

We will pay for the actual loss of Business Income you sustained due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

We will only pay for loss of Business Income that occurs within 12 consecutive months after the date of direct physical loss or dam-

age. This Additional Coverage is not subject to the Limits of Insurance.

Business Income means the:

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

g. Extra Expense

We will pay necessary Extra Expense 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 at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from a Covered Cause of Loss.

Extra Expense means expense incurred:

- (1) To avoid or minimize the suspension of business and to continue "operations":
 - (a) At the described premises; or
 - (b) At replacement premises or at temporary locations, including:
 - (i) Relocation expenses; and
 - (ii) Costs to equip and operate the replacement or temporary locations.
- (2) To minimize the suspension of business if you cannot continue "operations".
- (3) (a) To repair or replace any property; or
 - (b) To research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f., Business Income.

We will only pay for Extra Expense that occurs within 12 consecutive months after

the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance.

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

h. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge or dispersal 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 earlier of:

- (1) The date of direct physical loss or damage; or
- (2) The end of the policy period.

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

6. Coverage Extensions

In addition to the Limits of Insurance, you may extend the insurance provided by this policy as follows:

a. Personal Property at Newly Acquired Premises

- (1) You may extend the insurance that applies to Business Personal Property to apply to that property at any premises you acquire.

The most we will pay for loss or damage under this Extension is \$10,000 at each premises.

- (2) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:
 - (a) This policy expires.
 - (b) 30 days expire after you acquire or begin construction at the new premises; or
 - (c) You report values to us.

b. Personal Property Off Premises

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than money and securities, while it is in course of transit or temporarily at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$1,000.

c. Outdoor Property

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant.

d. Valuable Papers and Records - Cost of Research

You may extend the insurance that applies to Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$1,000 at each described premises.

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. Building Ordinance

The enforcement of any ordinance or law:

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

b. Earth Movement

- (1) Any earth movement (other than sink-hole collapse), such as an earthquake, landslide or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.
- (2) Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, we will pay for that resulting loss or damage.

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

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

All volcanic eruptions that occur within any 72-hour period will constitute a single occurrence.

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Power Failure

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

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

f. War and Military Action

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

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up from a sewer or drain; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:

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

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

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

- a. **Electrical Apparatus:** Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

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

- b. **Consequential Losses:** Delay, loss of use or loss of market.
- c. **Smoke, Vapor, Gas:** Smoke, vapor or gas from agricultural smudging or industrial operations.

d. **Maintenance Types of Loss:**

- (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force; or
- (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 loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage.

- 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 loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fire vessel or within the flues or passages through which the gases of combustion pass.
- f. **Frozen Plumbing:** Water that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the water supply if the heat is not maintained.
- g. **Dishonesty:** Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees 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. **Collapse:** Collapse, except as provided in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the described premises, we will pay for that resulting loss or damage.
 - k. **Pollution:** We will not pay for loss or damage caused by or resulting from the release, discharge or dispersal of "pollutants" unless the release, discharge or dispersal is itself caused by any of the "specified causes of loss". But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified causes of loss".
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
- 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. Business Income and Extra Expense Exclusions. We will not pay for:

- a. Any Extra Expense, or increase of Business Income loss, caused by or resulting from:
 - (1) 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
 - (2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".
- b. Any other consequential loss.

C. LIMITS OF INSURANCE

- 1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
- 2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.
- 3. The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.
- 4. **Building Limit - Automatic Increase**
 - a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.
 - b. The amount of increase will be:
 - (1) The Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example:

If: The applicable Building limit is \$100,000.
The annual percentage increase is 8%.
The number of days since the beginning of the policy year (or last policy change) is 146.

The amount of increase is
 $\$100,000 \times .08 \times 146 \div 365 = \$3,200$.

5. Business Personal Property Limit - Seasonal Increase

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
- (1) The 12 months immediately preceding the date the loss or damage occurs; or
 - (2) The period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.
2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is \$250:
 - a. Money and Securities;
 - b. Employee Dishonesty;
 - c. Exterior Grade Floor Glass; and
 - d. Outdoor Signs.

But this \$250 deductible will not increase the deductible shown in the Declarations. This deductible will be used to satisfy the requirements of the deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:
 - a. Fire Department Service Charge;
 - b. Business Income; and
 - c. Extra Expense.

E. PROPERTY LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.

- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the limit of insurance.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. Permit us to inspect the property and records proving the loss or damage.
- g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance of your claim, including your books and records. In such event, your answers must be signed.
- h. Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- i. Cooperate with us in the investigation or settlement of the claim.
- j. Resume all or part of your "operations" as quickly as possible.

4. Legal Action Against Us

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

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

5. Limitation - Electronic Media and Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income Loss sustained during the period June 1 - September 1. Loss during the period September 2 - October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30 - October 15 is not covered.

6. Loss Payment

In the event of loss or damage covered by this policy:

- a. We will not pay you more than your financial interest in the Covered Property.

- b.** We will either:
- (1)** Pay the value of lost or damaged property, as described in paragraph d. below;
 - (2)** Pay the cost of repairing or replacing the lost or damaged property, plus any reduction in value of repaired items;
 - (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.
- c.** We will give notice of our intentions within 30 days after we receive the sworn statement of loss.
- d.** We will determine the value of Covered Property as follows:
- (1)** At replacement cost (without deduction for depreciation), except as provided in (2) through (7) below.
 - (a)** You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
 - (b)** We will not pay on a replacement cost basis for any loss or damage:
 - (i)** Until the lost or damaged property is actually repaired or replaced; and
 - (ii)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
 - (c)** We will not pay more for loss or damage on a replacement cost basis than the least of:
 - (i)** The cost to replace, on the same premises, the lost or damaged property with other property:
 - i.** Of comparable material and quality; and
 - ii.** Used for the same purpose; or
 - (ii)** The amount you actually spend that is necessary to repair or replace the lost or damaged property.
 - (2)** If the "Actual Cash Value Buildings" option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
 - (3)** The following property at actual cash value:
 - (a)** Used or second-hand merchandise held in storage or for sale;
 - (b)** Property of others;
 - (c)** Household contents, except personal property in apartments or rooms furnished by you as landlord,
 - (d)** Manuscripts;
 - (e)** Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
 - (4)** Glass at the cost of replacement with safety glazing material if required by law.
 - (5)** Tenants' Improvements and Betterments at:
 - (a)** Replacement cost if you make repairs promptly.
 - (b)** A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

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

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

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

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

(6) Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

(a) Blank materials for reproducing the records; and

(b) Labor to transcribe or copy the records.

(7) Applicable only to the Optional Coverages:

(a) Money at its face value; and

(b) Securities at their value at the close of business on the day the loss is discovered.

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

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 statement of loss, if:

(1) You have complied with all of the terms of this policy; and

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

(b) An appraisal award has been made.

7. Recovered Property

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

8. Resumption of Operations

We will reduce the amount of your:

a. 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.

b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

9. Vacancy

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

a. Not pay for any loss or damage caused by:

(1) Vandalism;

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

(3) Building glass breakage;

(4) Water damage;

(5) Theft; or

(6) Attempted Theft.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

Buildings under construction are not considered vacant.

F. PROPERTY GENERAL CONDITIONS

1. Control of Property

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

If you violate a condition of this policy, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.

2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder 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 policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - (1) Pays any premium due under this policy at our request if you have failed to do so;
 - (2) Submits a signed, sworn statement 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 mortgage holder.

All of the terms of this policy will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

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

At our option, we may pay to the mortgage holder 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 mortgage holder 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 do not renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

3. No Benefit to Bailee

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

4. Policy Period, Coverage Territory

Under this form:

- a. We cover loss or damage commencing:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and

(3) Canada.

G. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

1. Outdoor Signs

a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:

- (1) Owned by you; or
- (2) Owned by others but in your care, custody or control.

b. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:

- (1) Paragraph B.1.c., Governmental Action;
- (2) Paragraph B.1.d., Nuclear Hazard; and
- (3) Paragraph B.1.f., War and Military Action.

c. We will not pay for loss or damage caused by or resulting from:

- (1) Wear and tear;
- (2) Hidden or latent defect;
- (3) Rust;
- (4) Corrosion; or
- (5) Mechanical breakdown.

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

e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

2. Exterior Grade Floor Glass

a. We will pay for direct physical loss of or damage to all exterior grade floor and base-ment glass, including all lettering and orna-mentation, located at the described prem-ises and:

- (1) Owned by you; or
- (2) Owned by others but in your care, cus-tody or control.

b. We will also pay for necessary:

- (1) Expenses incurred to put up temporary plates or board up openings;
- (2) Repair or replacement of encasing frames; and
- (3) Expenses incurred to remove or replace obstructions.

c. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:

- (1) Paragraph B.1.c., Governmental Action;
- (2) Paragraph B.1.d., Nuclear Hazard; and
- (3) Paragraph B.1.f., War and Military Action.

d. We will not pay for loss or damage caused by or resulting from:

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

e. This Optional Coverage supersedes all limitations in this policy that apply to exterior grade floor glass.

3. Money and Securities

a. We will pay for loss of money and securities used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the

property, at the described premises, or in transit between any of these places, resulting directly from:

- (1) Theft, meaning any act of stealing;
 - (2) Disappearance; or
 - (3) Destruction.
- b. In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:
- (1) Resulting from accounting or arithmetical errors or omissions;
 - (2) Due to the giving or surrendering of property in any exchange or purchase; or
 - (3) Of property contained in any money-operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.
- c. The most we will pay for loss in any one occurrence is:
- (1) The limit shown in the Declarations for Inside the Premises for money and securities while:
 - (a) In or on the described premises; or
 - (b) Within a bank or savings institution; and
 - (2) The limit shown in the Declarations for Outside the Premises for money and securities while anywhere else.
- d. All loss:
- (1) Caused by one or more persons; or
 - (2) Involving a single act or series of related acts;
- is considered one occurrence.
- e. You must keep records of all money and securities so we can verify the amount of any loss or damage.

4. Employee Dishonesty

- a. We will pay for direct loss of or damage to Business Personal Property, including money and securities, resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you and your partner) with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) Any employee; or
 - (b) Any other person or organization.
- b. We will not pay for loss or damage:
 - (1) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.
 - (2) The only proof of which as to its existence or amount is:
 - (a) An inventory computation; or
 - (b) A profit and loss computation.
- c. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.
- d. All loss or damage:
 - (1) Caused by one or more persons; or
 - (2) Involving a single act or series of related acts;

is considered one occurrence.
- e. We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period.

Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- f.** This Optional Coverage does not apply to any employee immediately upon discovery by:
- (1) You; or
 - (2) Any of your partners, officers or directors not in collusion with the employee;
- of any dishonest act committed by that employee before or after being hired by you.
- g.** We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
- h.** If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:
- (1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i.** The insurance under paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
- (1) This Optional Coverage as of its effective date; or
 - (2) The prior insurance had it remained in effect.

5. Mechanical Breakdown

- a.** We will pay for direct damage to Covered Property caused by an Accident to an Object. The Object must be:

- (1) Owned by you or in your care, custody or control; and
 - (2) At the described premises.
- b.** Accident means a sudden and accidental breakdown of the Object or a part of the Object. At the time the breakdown occurs, it must manifest itself by physical damage to the Object that necessitates repair or replacement.
- c.** None of the following is an Accident:
- (1) Depletion, deterioration, corrosion or erosion;
 - (2) Wear and tear;
 - (3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - (4) Breakdown of any vacuum tube, gas tube or brush;
 - (5) Breakdown of any electronic computer or electronic data processing equipment;
 - (6) Breakdown of any structure or foundation supporting the Object or any of its parts;
 - (7) The functioning of any safety or protective device; or
 - (8) The explosion of gases or fuel within the furnace of any Object or within the flues or passages through which the gases of combustion pass.
- d.** Object means any of the following equipment:
- (1) Boiler and Pressure Vessels:
 - (a) Steam heating boilers and condensate return tanks used with them;
 - (b) Hot water heating boilers and expansion tanks used with them;
 - (c) Hot water supply boilers;
 - (d) Other fired or unfired vessels used for maintenance or service of the

- discarded premises but not used for processing or manufacturing;
- (e) Steam boiler piping, valves, fittings, traps and separators, but only if they:
- (i) Are on your premises or between parts of your premises;
- (ii) Contain steam or condensate of steam; and
- (iii) Are not part of any other vessel or apparatus;
- (f) Feed water piping between any steam boiler and a feed pump or injector.
- (2) Air Conditioning Units - Any air conditioning unit that has a capacity of 60,000 Btu or more, including:
- (a) Inductors, converters and coils that make use of a refrigerant and form part of a cooling, humidity control or space heating system;
- (b) Interconnecting piping, valves and fittings containing only a refrigerant, water, brine or other solution;
- (c) Vessels heated directly or indirectly that:
- (i) Form part of an absorption type system; and
- (ii) Function as a generator, refrigerator or concentrator;
- (d) Compressors, pumps, fans and blowers used solely with the system together with their driving electric motors; and
- (e) Control equipment used solely with the system.
- e. Object does not mean:
- (1) As Boiler and Pressure Vessels:
- (a) Equipment that is not under internal vacuum or internal pressure other than weight of contents;
- (b) Boiler settings;
- (c) Insulating or refractory material; or
- (d) Electrical, reciprocating or rotating apparatus within or forming a part of the boiler or vessel.
- (2) As Air Conditioning Units, any:
- (a) Vessel, cooling tower, reservoir or other source of cooling water for a condenser or compressor, or any water piping leading to or from that source; or
- (b) Wiring or piping leading to or from the unit.
- f. We will not pay for an Accident to any Object while being tested.
- g. **Suspension**
- Whenever an Object is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an Accident to that Object. This can be done by delivering or mailing a written notice of suspension to:
- (1) Your last known address; or
- (2) The address where the object is located.
- If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.
- H. PROPERTY DEFINITIONS**
1. **"Operations"** means your business activities occurring at the described premises.
2. **"Period of Restoration"** means the period of time that:
- a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- b. Ends on the date when the property at the described premises should be repaired,

rebuilt or replaced with reasonable speed and similar quality.

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

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

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

3. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
4. **"Specified Causes of Loss"** means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commo-

tion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. It does not include the cost of filling sinkholes.
- b. Falling objects does not include loss of or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

BUSINESSOWNERS LIABILITY COVERAGE FORM

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

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

The word "insured" means any person or organization qualifying as such under SECTION C - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION F - LIABILITY AND MEDICAL EXPENSES DEFINITIONS.

A. COVERAGES

1. Business Liability We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under COVERAGE EXTENSION SUPPLEMENTARY PAYMENTS.

a. This insurance applies only:

(1) To "bodily injury" or "property damage":

(a) That occurs during the policy period; and

(b) That is caused by an "occurrence". The "occurrence" must take place in the "coverage territory".

(2) To "personal injury" caused by an offense:

(a) Committed in the "coverage territory" during the policy period; and

(b) Arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

(3) To "advertising injury" caused by an offense committed:

(a) In the "coverage territory" during the policy period; and

(b) In the course of advertising your goods, products or services.

b. We will have the right and duty to defend any "suit" seeking those damages. But

(1) The amount we will pay for damages is limited as described in Section D - Limits of Insurance;

(2) We may investigate and settle any claim or "suit" at our discretion; and

(3) Our right and duty to defend will end when we have used up the applicable limit of insurance in the payment of judgment or settlements or medical expenses.

c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

d. "Property damage" that is loss of use of tangible property that is not physically injured will be deemed to occur at the time of the "occurrence" that caused it.

e. Coverage Extension - Supplementary Payments

In addition to the Limit of Insurance, we will pay, with respect to any claim or "suit" we defend:

(1) All expenses we incur.

- (2) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$100 a day because of time off from work.
- (5) All costs taxed against the insured in the "suit".
- (6) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

2. Medical Expenses

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
 provided that:
 - (a) The accident takes place in the "coverage territory" and during the policy period;

- (b) The expenses are incurred and reported to us, within one year of the date of the accident; and
 - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limit of Insurance. We will pay reasonable expenses for:
 - (1) First aid at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

B. EXCLUSIONS

1. Applicable to Business Liability Coverage -

This insurance does not apply to:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.
- b. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
 - (1) Assumed in a contract or agreement that is an "insured contract", or
 - (2) That the insured would have in the absence of the contract or agreement.
- c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:
 - (1) Causing or contributing to the intoxication of any person;

- (2) the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

- d. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
- e. "Bodily injury" to:

- (1) An employee of the insured arising out of and in the course of employment by the insured; or
- (2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

- (a) Whether the insured may be liable as an employer or in any other capacity; and
- (b) to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

- f. (1) "bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:
 - (a) At or from premises you own, rent or occupy;
 - (b) At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) That are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for

you or any person or organization for whom you may be legally responsible; or

- (d) At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:

- (i) If the pollutants are brought on or to the site or location in connection with such operations; or
- (ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

- (2) Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

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.

Subparagraphs (a) and (d)(i) of paragraph (1) of this exclusion do not apply to "bodily injury" or "property damage" caused by heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

- g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is
 - (a) Less than 26 feet long; and

- (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:
- (a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- h. "Bodily injury" or "property damage" arising out of:
- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.
- i. "Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.
- j. "Bodily injury" or "property damage" due to rendering or failure to render any professional service. This includes but is not limited to:
- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, x-ray or nursing services or treatment;
- (5) Any health service or treatment;
- (6) Any cosmetic or tonsorial service or treatment;
- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Ear piercing services; and
- (9) Services in the practice of pharmacy; but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.
- k. "Property damage" to:
- (1) Property you own, rent or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in your care, custody or control;
- (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

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

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

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

- l.** "Property damage" to "your product" arising out of it or any part of it.
- m.** "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

- n.** "Property damage" to "impaired property" or property that has not been physically injured, arising out of:
 - (1)** A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work", or
 - (2)** A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

- o.** Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:
 - (1)** "Your product;"
 - (2)** "Your work;" or
 - (3)** "Impaired property;"

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

- p.** "Personal injury" or "advertising injury:"
 - (1)** Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
 - (2)** Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
 - (3)** Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or
 - (4)** For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.
- q.** "Advertising injury" arising out of:
 - (1)** Breach of contract, other than misappropriation of advertising ideas under an implied contract;
 - (2)** The failure of goods, products or services to conform with advertised quality or performance;
 - (3)** The wrong description of the price of goods, products or services; or
 - (4)** An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

Exclusions c., d., e., f., g., h., i., k., l., m., n. and o. do not apply to damage by fire or explosion to premises rented to you. A separate Limit of Insurance applies to this coverage as described in Section D., Limits of Insurance.

2. Applicable to Medical Expenses Coverage -

We will not pay expenses for "bodily injury":

- a.** To any insured.
- b.** To a person hired to do work for or on behalf of any insured or a tenant of any insured.

- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an employee of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- f. Included within the "products-completed operations hazard".
- g. Excluded under Business Liability Coverage.
- h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

3. Applicable to both Business Liability Coverage and Medical Expenses Coverage - Nuclear Energy Liability Exclusion.

This insurance does not apply:

- a. Under Business Liability Coverage to "bodily injury" or "property damage":
 - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of

America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

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

- c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material", if:

(1) The "nuclear material":

- (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
- (b) Has been discharged or dispersed therefrom;

- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

- (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

As used in this exclusion:

"byproduct material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"hazardous properties" include radioactive, toxic or explosive properties;

"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 material" means "source material", "special nuclear material" or "byproduct material";

"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.

"source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"special nuclear material" has the meaning given it 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 paragraphs (a) and (b) of the definition of "nuclear facility"

C. WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
2. Each of the following is also an insured:
 - a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:
 - (1) "Bodily injury" or "property damage" to you or to a co-employee while in the course of his or her employment;
 - (2) "Bodily Injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services; or
 - (3) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).

- b. Any person (other than your employee), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- a. "Bodily injury" to a co-employee of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

- 1. The limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or

- c. Persons or organizations making claims or bringing "suits".
2. The most we will pay for the sum of all damages because of all:
- a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
 - b. "Personal injury" and "advertising injury" sustained by any one person or organization;

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

- 3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises rented to you arising out of any one fire or explosion is the Fire Legal Liability limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

- a. Injury or damage under the "products-completed operations hazard" arising from all "occurrences" during the policy period is the Liability and Medical Expenses limit; and
- b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is twice the Liability and Medical Expenses limit. This limitation does not apply to "property damage" to premises rented to you arising out of fire or explosion.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy

2. Duties in The Event Of Occurrence, Claim Or Suit

- a. You must see to it that we are notified promptly of an "occurrence" that may result in a claim. Notice should include:
 - (1) How, when and where the "occurrence" took place; and
 - (2) The names and addresses of any injured persons and witnesses.
- b. If a claim is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the claim or "suit".
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and

"property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

F. LIABILITY AND MEDICAL EXPENSES DEFINITIONS

- 1. **"Advertising Injury"** means injury arising out of one or more of the following offenses:
 - a. Oral or written publication of material that slanders or libels a person or organization or

disparages a person's or organization's goods, products or services;

- b. Oral or written publication of material that violates a person's right of privacy;
 - c. Misappropriation of advertising ideas or style of doing business; or
 - d. Infringement of copyright, title or slogan.
2. **"Auto"** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. **"Bodily injury"** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. **"Coverage Territory"** means:
- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by you in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in a. above or in a settlement we agree to.
5. **"Impaired Property"** means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

- b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

- (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
- (2) Your fulfilling the terms of the contract or agreement.

6. **"Insured Contract"** means:

- (a) A lease of premises;
- (b) A sidetrack agreement;
- (c) An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
- (d) Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- (e) An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;
- (f) An elevator maintenance agreement; or
- (g) That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of "bodily injury" or "property damage" to a third person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage". Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement:

- (a) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (2) Giving directions or instructions, or failing to give them, if that is the primary cause of injury or damage;

(b) Under which the insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the insured's rendering or failing to render professional services, including those listed in (a) above and supervisory, inspection or engineering services; or

(c) That indemnifies any person or organization for damage by fire or explosion to premises rented or loaned to you.

7. **"Loading or Unloading"** means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft, watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

8. **"Mobile Equipment"** means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, on which are permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to

permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing;

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

9. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

10. **"Personal Injury"** means injury, other than "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;

d. Oral or written publication of material that slanders or libels a person or organization or

disparages a person's or organization's goods, products or services; or

- e. Oral or written publication of material that violates a person's right of privacy.

11. a. "Products - Completed Operations Hazard" includes all "bodily injury" and "property damage" arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- b. "Your work" will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in your contract has been completed.
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- c. This hazard does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the "loading or unloading" of it; or
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

12. "Property Damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property; or
- b. Loss of use of tangible property that is not physically injured.

13. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

14. "Your Product" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

15. "Your Work" means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.

BUSINESSOWNERS COMMON POLICY CONDITIONS

All coverages of this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.
 - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
 - (a) Seasonal unoccupancy; or
 - (b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
 - (2) After damage by a covered cause of loss, permanent repairs to the building:
 - (a) Have not started, and
 - (b) Have not been contracted for,

within 30 days of initial payment of loss.
 - (3) The building has:
 - (a) An outstanding order to vacate;
 - (b) An outstanding demolition order; or
 - (c) Been declared unsafe by governmental authority.
 - (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
 - (5) Failure to:
 - (a) Furnish necessary heat, water sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
 - (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
 - b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - c. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

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

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

D. EXAMINATION OF YOUR BOOKS AND RECORDS

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

E. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that condition:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization,

which makes insurance inspections, surveys, reports or recommendations.

F. INSURANCE UNDER TWO OR MORE COVERAGES

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

G. LIBERALIZATION

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

H. OTHER INSURANCE

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.
2. Business Liability Coverage is excess over any other insurance that insures for direct physical loss or damage.
3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

I. PREMIUMS

1. The first named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- a. Paid to us prior to the anniversary date; and
- b. Determined in accordance with paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. Applicable to Businessowners Property coverage:

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

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;
- (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
- (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

K. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW

This endorsement modifies insurance under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Ordinance or Law

A. Coverage

1. Coverage A - Coverage For Loss to the Undamaged Portion of the Building.

If a Covered Cause of Loss occurs to Covered Building Property and a Limit of Insurance is shown in the Declarations under:

- a. ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
- b. ORDINANCE OR LAW - COVERAGE A

we will pay for loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:

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

When ORDINANCE OR LAW - COVERAGE A is shown in the Declarations, Coverage A is included within the Limit of Insurance applicable to the Covered Building Property shown in the Declarations.

This is not an additional amount of insurance.

2. Coverage B - Demolition Cost Coverage.

If a Covered Cause of Loss occurs to Covered Building Property and a Limit of Insurance is shown in the Declarations under:

- a. ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
- b. ORDINANCE OR LAW - COVERAGE B

we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law in force at the time of the loss.

3. Coverage C - Increased Cost of Construction Coverage.

If a Covered Cause of Loss occurs to Covered Building Property and a Limit of Insurance is shown in the Declarations under:

- a. ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
- b. ORDINANCE OR LAW - COVERAGE C

we will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law in force at the time of the loss. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law in force at the time of the loss.

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However, we will not pay for the increased cost of construction if the building is not repaired or replaced.

B. Exclusion

The following exclusion applies only to the coverage provided by this endorsement.

We will not pay, under this endorsement 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 of any activity of "fungi", wet rot, 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", "fungi", wet rot, dry rot or bacteria.

C. Limit of Insurance

When a Limit of Insurance is shown in the Declarations for:

- 1. ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED, the most we shall pay for the total of all covered loss caused by the enforcement of any ordinance or law under Coverage A, Coverage B and Coverage C combined, is such limit.
- 2.
 - a. ORDINANCE OR LAW - COVERAGE A;
 - b. ORDINANCE OR LAW - COVERAGE B; or
 - c. ORDINANCE OR LAW - COVERAGE C

the most we shall pay for covered loss caused by the enforcement of any ordinance or law under each coverage is the applicable limit shown.

Subject to C.1 and C.2 above the following loss payment provisions apply.

1. Under Coverage A - Coverage for Loss to the Undamaged Portion of the Building:

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- a. If the Replacement Cost option applies and the property is repaired or replaced, on the same or another premises, we will not pay more for loss or damage to Covered Building Property caused by enforcement of an ordinance or law, than the lesser of:

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

- b. If the Replacement Cost option applies and the property is not repaired or replaced or if the Replacement Cost option does not apply, we will not pay more for loss or damage to Covered Building Property caused by enforcement of an ordinance or law, than the lesser of:

- (1) The actual cash value of the building at the time of loss;
- (2) The Limit of Insurance shown in the Declarations under:

- (a) ORDINANCE OR LAW - COVERAGE A;
- (b) ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
- (c) ORDINANCE OR LAW - COVERAGE A and ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED;

- (3) The Limit of Insurance applicable to the Covered Building Property.

2. Coverage B - Demolition Cost Coverage

We will not pay more under Coverage B - Demolition Cost Coverage than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The Limit of Insurance shown in the Declarations under:
 - (a) ORDINANCE OR LAW - COVERAGE B;
 - (b) ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
 - (c) ORDINANCE OR LAW - COVERAGE B and ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED.
- 3. Coverage C - Increased Cost of Construction Coverage**
- a. We will not pay under Coverage C - Increased Cost of Construction Coverage:
 - (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, at our option, extend this period in writing during the two years.
 - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The Limit of Insurance shown in the Declarations under:
 - (a) ORDINANCE OR LAW - COVERAGE C;
 - (b) ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
- (c) ORDINANCE OR LAW - COVERAGE C and ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED.
- c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The Limit of Insurance shown in the Declarations under:
 - (a) ORDINANCE OR LAW - COVERAGE C;
 - (b) ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
 - (c) ORDINANCE OR LAW - COVERAGE C and ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED.
- 4. When a Limit of Insurance is shown in the Declarations for ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED and in the event the total amount paid under Coverage A, Coverage B and Coverage C combined does not exceed such Limit of Insurance, you may at your option, apply the remainder of such Limit of Insurance to your actual loss of Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the BUSINESS INCOME AND EXTRA EXPENSE endorsement.**
- D. Under SECTION B., EXCLUSIONS, 1. a. does not apply to the coverage provided by this endorsement only.
 - E. When a covered Cause of Loss occurs to Covered Building Property shown in the Declarations and coverage is subsequently provided by this endorsement, the definition of "Period of Restoration" contained in SECTION H. PROPERTY DEFINITIONS is deleted and replaced by the following:

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

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1. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
2. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any law that regulates the prevention, control, repair, clean-up or restoration of environmental damage.

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

- F. The terms of this endorsement apply separately to each building to which this endorsement applies.
- G. Under **H. PROPERTY DEFINITIONS**, the following definition is added:

"Fungi" means any type or form of fungus, including but not limited to mold, mildew, mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME AND EXTRA EXPENSE

This endorsement modifies insurance provided under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages, f. Business Income and g. Extra Expense** are deleted and replaced by the following:

f. Business Income

Subject to the Limit of Insurance provisions of this endorsement, we will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within the distance shown in the Declarations under BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, caused by or resulting from any Covered Cause of Loss.

Business Income means the:

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

g. Extra Expense

Subject to the Limit of Insurance provisions of this endorsement, we will pay necessary Extra Expense 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 at the described premises, including personal property in the open (or in a vehicle) within the distance shown in the Declarations under BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, caused by or resulting from a Covered Cause of Loss.

Extra Expense means expense incurred:

- (1) To avoid or minimize the suspension of business and to continue "operations":
 - (a) At the described premises; or
 - (b) At replacement premises or at temporary locations, including:
 - 1) Relocation expenses; and
 - 2) Costs to equip and operate the replacement or temporary locations.
- (2) To minimize the suspension of business if you cannot continue "operations".
- (3) (a) To repair or replace any property; or
 - (b) To research, replace or restore the lost information on damaged valuable papers and records:

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or the Additional Coverage, f. Business Income.

2. Limit of Insurance

Under **C. LIMITS OF INSURANCE**, the following provisions are added and apply only to the Additional Coverages, Business Income and Extra Expense.

- a. In the event of loss or damage to Covered Property which is covered by the following Additional Coverages:
 - (1) WATER BACK-UP FROM SEWERS OR DRAINS;

- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE; or
- (4) ORDINANCE OR LAW;

and you sustain actual loss of Business Income due to the necessary suspension of your "operations" during the "period of restoration" or incur necessary Extra Expense during the "period of restoration", we shall not pay more than the applicable Limit of Insurance shown in the Declarations for:

- (1) WATER BACK-UP FROM SEWERS OR DRAINS;
- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE; or
- (4) ORDINANCE OR LAW;

for all loss or damage including Business Income and Extra Expense.

This provision does not apply to the Additional Coverage, ORDINANCE OR LAW, only when a

Limit of Insurance is shown in the Declarations for one or more of the following:

- (1) ORDINANCE OR LAW - COVERAGE A;
- (2) ORDINANCE OR LAW - COVERAGE B; or
- (3) ORDINANCE OR LAW - COVERAGE C.

- b. In the event loss of or damage to Covered Property is not covered by the following Additional Coverages:

- (1) WATER BACK-UP FROM SEWERS OR DRAINS;
- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE; or
- (4) ORDINANCE OR LAW;

we will only pay for loss of Business Income and Extra Expense that occurs within 12 consecutive months after the date of direct physical loss of or damage. This Additional Coverage is not subject to the Limits of Insurance.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**ELECTRONIC EQUIPMENT**

This endorsement modifies insurance under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

It is agreed:

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Electronic Equipment**1. COVERAGE****Covered Property****(1) Scheduled Equipment**

When scheduled in the Declarations, we will pay for direct physical loss of or damage to:

- (a) Electronic equipment, component parts of such equipment and air conditioning equipment necessary for the operation of the electronic equipment which you own, which is leased or rented to you, or which is in your care, custody or control while located at the premises described in the Declarations.
- (b) "Laptop computers", component parts of such equipment and "media" designated for use with a covered "laptop computer" which you own, which is leased or rented to you or which is in your care, custody or control.

Direct physical loss of or damage to Covered Property must be caused by a Covered Cause of Loss.

(2) Unscheduled Equipment

- (a) When a limit of insurance is shown in the Declarations under ELECTRONIC EQUIPMENT, EQUIPMENT-UNSCHEDULED, for unscheduled equipment, we will pay for direct physical loss of or damage to electronic equipment, component parts of such equipment and air conditioning equipment necessary for the operation of the electronic equipment which you own, which is leased or rented to you or which is in your care, custody or control while located at the premises described in the Declarations.

We do not cover unscheduled laptop computers.

- (b) When a limit of insurance is shown in the Declarations under ELECTRONIC EQUIPMENT, MEDIA, we will pay for direct physical loss of or damage to "media" which you own, which is leased or rented to you or which is in your care, custody or control while located at the premises described in the Declarations. We will pay for your costs to research, replace or restore information on "media" which has incurred direct physical loss or damage by a Covered Cause of Loss.

Direct physical loss of or damage to Covered Property must be caused by a Covered Cause of Loss.

2. EXCLUSIONS

Under B. EXCLUSIONS, of the COVERAGE FORM, the following exclusions are added to apply to this Additional Coverage.

- a. Wear and tear, inherent vice, hidden or latent defect, gradual deterioration, insects, vermin, rodents, depreciation, or by processing or any work on the property. We will cover accidental direct physical loss from fire or explosion which is caused by any of these.
- b. Loss or damage caused by:
 - (1) Corrosion or rusting;

- (2) Dryness or dampness of atmosphere; or
- (3) Extremes of temperature
unless directly resulting from accidental direct physical damage to the electronic equipment system's air conditioning equipment caused by a peril not excluded by this endorsement.
- c. Any dishonest, fraudulent or criminal act by:
 - (1) You;
 - (2) Your partners; or
 - (3) Any of your officers, directors or trustees
whether acting alone or in collusion with others.
- d. "Electrical disturbance" unless caused by lightning.
- e. Loss or damage caused by:
 - (1) Data processing "media" failure; or
 - (2) Breakdown or malfunction of the data processing equipment and component parts
while the "media" is being run through the system. We will cover loss, damage or expense caused directly by ensuing fire or explosion.
- f. Actual work upon, installation or testing of Covered Property. We will cover loss caused by ensuing fire or explosion.
- g. Faulty construction or error in the design of the Covered Property. We will cover loss, damage or expense caused directly by ensuing fire or explosion.
- h. Delay or loss of market.
- i. Loss or damage caused by or resulting from improper operation of Covered Property.
- j. Breakage, marring, scratching, tearing or denting of any "laptop computer" unless caused by: fire or lightning; aircraft; theft and/or attempted theft; earthquake; flood; explosion; malicious damage or collision, derailment or overturn of a transporting conveyance.
- k. Loss or damage to any "laptop computer" not scheduled in the Declarations.

3. LIMIT OF INSURANCE

Accidental direct physical loss of or damage to Covered Property shall be adjusted on the basis of:

- a. Actual cash value; or
- b. Replacement cost
whichever is indicated in the Declarations as applying to the damaged Covered Property. Actual cash value includes deduction for depreciation.
- a. When loss to Covered Property is settled at the actual cash value of the property at the time of loss, we shall pay no more than the lesser of the following:
 - (1) The cost to repair or replace the damaged Covered Property with property of like kind and quality; or
 - (2) The Limit of Insurance shown in the Declarations for the Covered Property.
- b. When loss to Covered Property is settled at replacement cost of the Covered Property at the time of loss, we shall pay no more than the lesser of the following:
 - (1) The full cost to repair the Covered Property;
 - (2) The full cost to replace the Covered Property with property of like kind and quality even if the property has technological advantages, provided such Covered Property is capable of performing the same function as the equipment being replaced; or
 - (3) The Limit of Insurance shown in the Declarations for the Covered Property.
- c. We shall pay no more for "media" than the lesser of the following:
 - (1) The actual cost to repair, replace or reproduce the "media";
 - (2) If the "media" is not repaired, replaced or reproduced, the value of blank "media" of the same type; or
 - (3) The Limit of Insurance shown in the Declarations for "media".

The Limit of Insurance shown in the Declarations for Covered Property is the total limit of our liability for loss or damage to all Covered Property in any one occurrence at one location. With respect to Covered Property you do not own, we will pay no more than the amount for which you are legally liable.

4. COVERAGE EXTENSIONS

a. Property At Newly Acquired Or Temporary Locations

We will pay for accidental direct physical loss or damage to Covered Property caused by a Covered Cause of Loss at:

- (1) Any location you acquire for similar occupancy or warehousing purposes; or

(2) Any temporary location, other than fairs or exhibitions, you acquire for similar occupancy or warehousing purposes other than at the premises shown in the Declarations, but within territorial limits.

The most we will pay for loss or damage under this extension is the Limit of Insurance shown in the Declarations under ELECTRONIC EQUIPMENT, EQUIPMENT - UNSCHEDULED.

This coverage extension will stop:

- (1) 60 days from your acquisition of such property; or
 - (2) On the date values of Covered Property at such locations are reported to us; or
 - (3) On the expiration date of the policy
- whichever comes first.

Additional premium for the values reported shall be due and payable from the date the property arrives at such locations.

b. Newly Acquired Property

We will pay for accidental direct physical loss or damage, caused by a Covered Cause of Loss, to additional property you acquire of the same type as the Covered Property described in a. COVERED PROPERTY above while at any one location.

The most we will pay for loss or damage under this extension is the Limit of Insurance shown in the Declarations under ELECTRONIC EQUIPMENT, EQUIPMENT - UNSCHEDULED.

This coverage extension will stop:

- (1) 60 days from your acquisition of such property; or
 - (2) On the date values of such property are reported to us; or
 - (3) On the expiration date of the policy
- whichever comes first.

Additional premium for the values reported shall be due and payable from the date the property is acquired.

5. ADDITIONAL COVERAGES

a. Transportation

We will pay for accidental direct physical loss of or damage to Covered Property caused by:

- (1) Fire, lightning, explosion, smoke, riot and civil commotion, and vandalism and malicious mischief;
 - (2) The overturning, upset or collision of the vehicle, transporting the covered property, with another vehicle or object other than the road bed; or
 - (3) Theft of an entire case or package from a vehicle:
 - (a) While such property is in a fully enclosed and securely locked body or compartment; and
 - (b) Theft results from forcible entry, evidenced by visible marks
- that occurs during transportation by motor vehicles you own, lease or operate.

We do not cover property held as samples, held for rental or sale, or that you rent to others while in the care, custody or control of salespersons.

Our liability in any one occurrence shall not exceed the Limit of Insurance shown in the Declarations under ELECTRONIC EQUIPMENT, TRANSPORTATION.

b. Business Income and Extra Expense

(1) Business Income

- (a) 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 the direct result of interruption of your business caused by accidental direct physical loss of or damage to:
 - 1) The electronic equipment or "media" covered by this Additional Coverage;
 - 2) The building housing the electronic equipment or "media" that prevents access to and use of the electronic equipment or "media"; or

- 3) The air conditioning or electrical systems that are required to operate the electronic equipment, provided such damage or destruction is inside the building or outside within 100 feet of the building caused by the perils insured against and subject to (4) EXCLUSIONS below.
- (b) We will also pay expenses you incur to reduce the covered loss. We will not pay for expenses:
 - 1) You incur to extinguish a fire; or
 - 2) Expenses that exceed the amount by which the covered loss is reduced.

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.

(2) Extra Expense

- (a) We will pay necessary Extra Expense, other than loss of Business Income, you incur during the "period of restoration" that you would not have incurred following accidental direct physical loss of or damage to:
 - 1) The electronic equipment or "media" covered by this Additional Coverage;
 - 2) The building housing the electronic equipment or "media" that prevents access to and use of the equipment or "media"; or
 - 3) The air conditioning or electrical systems that are required to operate the electronic equipment, provided such damage or destruction is inside the building or outside within 100 feet of the building caused by the perils insured against and subject to (4) EXCLUSIONS below.
- (b) We will also cover the cost to repair, replace or restore:
 - 1) Books of accounts, abstracts, drawings;
 - 2) Card index systems; or
 - 3) Other records or data such as film, tape, disks, drum, cell or other magnetic storage or recording "media" for electronic data processing
 that have been damaged or destroyed by perils we insure against, if such cost:
 - 1) Exceeds the normal cost for such repair, replacement or restoration; and
 - 2) Was incurred to reduce loss under this Additional Coverage.

However, we will cover no more of such excess cost than the amount by which the total extra expense payable under this coverage was reduced.

Extra Expense means expense incurred to avoid or minimize the suspension of business and continue "operations":

- (a) At the described premises; or
- (b) At replacement premises or at temporary locations, including:
 - 1) Relocation expenses.
 - 2) Costs to equip and operate the replacement or temporary locations.
 - 3) Costs to minimize the suspension of business if you cannot continue "operations".
 - 4) (a) Costs to expedite repair or replace any Covered Property; or
 - (b) Costs to expedite research, replace or restore the lost information on damaged valuable papers and records:
 - to the extent it reduces the amount of loss that otherwise would have been payable under the Additional Coverage, Business Income, of this endorsement.

(3) Coverage Extension

We extend Business Income and Extra Expense to include the actual loss or damage sustained by you which is a direct result of an interruption of the business covered by this policy because access to the described business premises is prohibited by order of civil authority because of damage or destruction of property adjacent to the described premises by the perils insured against. Coverage applies while access is denied, but no longer than two consecutive weeks.

(4) Exclusions

The following exclusions apply only to the Business Income and Extra Expense provisions of this Additional Coverage above, in addition to those contained in B. EXCLUSIONS:

- (a) We will not pay for any Extra Expense or increase of Business Income loss, caused by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:
 - 1) Enforcement of any local or state ordinance or law regulating construction, repair or demolition of buildings or structures;

- 2) Interference at the described premises by strikers or other persons with:
 - a) Rebuilding, repairing or replacing the property; or
 - b) Resumption or continuation of business; or
- 3) The suspension, lapse, or cancellation of any lease, license, contract or order beyond the "period of restoration".
- (b) We will not cover loss or damage caused directly or indirectly by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:
 - 1) Theft of any property, which is not an integral part of a building or structure at the time of loss. We will cover direct loss that ensues from a peril not excluded in this policy. We will cover direct loss by pillage and looting which occurs during and at the immediate place of riot or civil commotion.
 - 2) Any other consequential or remote loss.
- (5) Limit of Insurance**
 - (a) Business Income
Subject to (c) below, we will pay only for loss of your business income that occurs during the "period of restoration", but not exceeding 12 consecutive months after the date of accidental direct physical loss of or damage to Covered Property, resulting from a Covered Cause of Loss.
 - (b) Extra Expense
Subject to (c) below, we will pay only for necessary extra expense during the "period of restoration" starting with the date of damage or destruction. Payments under this coverage shall not be limited by the expiration of the policy.
 - (c) Our total payment for both Business Income and Extra Expense for any one occurrence shall not exceed the Limit of Insurance shown in the Declarations under ELECTRONIC EQUIPMENT, BUSINESS INCOME and EXTRA EXPENSE.
- (6) Loss Determination**
 - (a) The amount of Business Income loss will be determined based on:
 - 1) The Net Income of the business if no loss or damage occurred;
 - 2) The continuing normal 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
 - 3) 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) All 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.
- (7) Loss Payment - Business Income and Extra Expense**
We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:
 - (1) You have complied with all of the terms of this policy; and
 - (2) (a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

6. DEDUCTIBLE

We will not pay for loss or damage to Covered Property in any one occurrence until the loss or damage exceeds the deductible shown in the Declarations. We will then pay the amount of loss that exceeds the deductible. This deductible applies only once per occurrence regardless of the number of buildings in which covered property is located.

7. OTHER INSURANCE

The insurance provided by this endorsement is primary. If there is other insurance provided on a primary basis, we will pay only our share. Our share will be the ratio of the amount of this insurance to the total amount of insurance.

8. OPTIONAL COVERAGES

a. Mechanical Breakdown Coverage

(1) When a Limit of Insurance for MECHANICAL BREAKDOWN is shown in the Declarations under Electronic Equipment, we will pay loss or damage to covered property caused by "mechanical breakdown". This provision supersedes any other policy provision that may exclude loss or damage caused by or resulting from "mechanical breakdown".

(2) Under 2. EXCLUSIONS above exclusion e. is deleted and replaced by the following:

e. Loss or damage caused by data processing "media" failure while the "media" is being run through the system. We will cover loss, damage or expense caused directly by ensuing fire or explosion.

(3) We will not pay for loss or damage to Covered Property in any one occurrence until the loss or damage exceeds the deductible shown in the Declarations. We will then pay the amount of loss that exceeds the deductible. This deductible applies only once per occurrence.

b. Electrical Disturbance Coverage

(1) When a limit of insurance for ELECTRICAL DISTURBANCE is shown in the Declarations under Electronic Equipment, we will pay for loss or damage to Covered Property caused by:

(a) "Electrical disturbance"; or

(b) "Power supply disturbance".

(2) Under 2. EXCLUSIONS above, exclusion d. does not apply.

(3) The deductible for this coverage shall be:

(a) \$1,000; or

(b) 5% of the combined unscheduled equipment and scheduled equipment limits shown in the Declarations whichever is greater.

9. DEFINITIONS

a. "Electrical disturbance" means electrical or magnetic damage, disturbance or erasure of electronic recordings.

b. "Laptop computer" means portable data collectors, notebook (laptop) computers, subnote book computers, palm-top computers, handheld computers and portable or any similar computer. "Laptop computer" does not mean cellular phone, wireless phone or pager.

c. "Mechanical breakdown" means component failure or mechanical malfunction, breakdown or failure.

d. "Media" means materials on which information is recorded such as film, magnetic tape, paper tape, disks, drums, and cards. "Media" includes computer software and reproduction of data contained on covered media.

e. "Power Supply Disturbance" means blackout, brownout, power surge or interruption of power supply.

All other policy terms and conditions apply.

BUSINESSOWNERS
54244 (5-07)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIABILITY INSURING AGREEMENT - KNOWN INJURY OR DAMAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

It is agreed:

Under **A. COVERAGES, 1. Business Liability**, is deleted and replaced by the following:

1. Business Liability.

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under COVERAGE EXTENSION - SUPPLEMENTARY PAYMENTS.

- b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:

(a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(b) The "bodily injury" or "property damage" occurs during the policy period; and

(c) Prior to the policy period, no insured listed under Paragraph 1. of C. WHO IS AN INSURED and no employee authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized employee knew prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- (2) To "personal injury" and "advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.

- c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of C. WHO IS AN INSURED or any employee authorized by you to give or receive notice of an "occurrence" or claim:
- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- d. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

e. Coverage Extension - Supplementary Payments

In addition to the Limit of Insurance, we will pay, with respect to any claim or "suit" we defend:

- (1) All expenses we incur.
- (2) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$100 a day because of time off from work.
- (5) All costs taxed against the insured in the "suit".
- (6) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

A. Applicability Of This Endorsement

- 1. The provisions of this endorsement will apply if and when one of the following situations occurs:**
 - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act), terminates; or**
 - b. The Program is renewed, extended or otherwise continued in effect without a requirement by the Program to make terrorism coverage available to you and with revisions that increase insurers' statutory percentage deductible or decrease the federal government's statutory percentage share in potential terrorism losses above such deductible, or that results in a change in the level or terms or conditions of coverage.**
- 2. When this endorsement becomes applicable in accordance with the terms of A.1.a. or A.1.b., above, it supersedes any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism".**
- 3. If this endorsement does NOT become applicable, then any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism", will remain in effect. However, if the Program is renewed, extended or otherwise continued in effect with revisions that change the level or terms or conditions of coverage, and we are required to offer you the revised coverage or to provide revised coverage to those who previously accepted coverage under the**

Program, then we will take the appropriate steps in response to the federal requirements.

- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.**
"Terrorism" means activities against persons, organizations or property of any nature:
 - 1. That involve the following or preparation for the following:**
 - a. Use or threat of force or violence; or**
 - b. Commission or threat of a dangerous act; or**
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and**
 - 2. When one or both of the following applies:**
 - a. The effect is to intimidate or coerce a government or the civilian population or any segments thereof, or to disrupt any segment of the economy; or**
 - b. It appears that the intent is to intimidate or coerce a government or the civilian population, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.**
- C. If the BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM or the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM is included in this policy, then under B. EXCLUSIONS, the following exclusion is added:**
Exclusion Of "Terrorism"
We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected

incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination;
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to re-lease such material;
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

D. Exception To Exclusion Of "Terrorism" For Certain Fire Losses

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage caused by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under the Additional Coverages Business Income and/or Extra Expense or endorsements that apply to those Additional Coverages.

- E.** Under the BUSINESSOWNERS LIABILITY COVERAGE FORM, the following exclusion is added:

We will not pay for "bodily injury", "property damage", "personal injury", "advertising injury", or any loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". All "bodily injury", "property damage", "personal injury", "advertising injury", or such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination;
 2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to re-lease such material;
 3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
 4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.
- F.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or damage that is otherwise excluded under this Policy.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED COVERAGE FOR FUNGI, WET ROT OR DRY ROT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

A. A. COVERAGE, 5. Additional Coverages is amended. The following additional coverage is added.

Limited Coverage For "Fungi", Wet Rot or Dry Rot

- (1) The coverage described in paragraphs (2) and (6) immediately below, only applies when the "fungi", wet rot or dry rot are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:
 - (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot including the cost of removal of the "fungi", wet rot or dry rot;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; 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 "fungi", wet rot or dry rot are present.
- (3) The coverage described under this Limited Coverage is limited to 10% of the building or business personal property limit of insurance, whichever is greater, subject to a maximum of \$100,000 and a minimum of \$15,000. This is the most we shall pay for the total of all loss or damage arising out of all occurrences of a "specified cause of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present

annual policy period) regardless of the number of locations covered by this policy or claims made. With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than this limit even if "fungi", wet rot or dry rot continue to be present or active, or recurs, in a later policy period.

- (4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, 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 "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage Additional Coverage.
- (6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage.
 - (a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense is

limited to the amount of loss and/or expense sustained in a period of not more than 45 days. The days need not be consecutive.

- (b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot 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 45 days. The days need not be consecutive.

B. B. EXCLUSIONS is amended. **2.d.(2)** is deleted and replaced by the following exclusion.

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

C. B. EXCLUSIONS is amended. The following exclusion is added.

"Fungi"

Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot. This exclusion does not apply to loss or damage to covered property:

- (1) If "fungi", wet rot or dry rot results from fire or lightning;
- (2) If the ensuing loss not otherwise excluded results directly or indirectly from "fungi", wet rot or dry rot; or
- (3) As provided under the Additional Coverage, **Limited Coverage For "Fungi", Wet Rot or Dry Rot.**

D. H. PROPERTY DEFINITIONS is amended. The following definition is added.

"Fungi" means any type or form of fungus, including but not limited to, any mold, mildew mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FINE ARTS, COLLECTIBLES AND MEMORABILIA - BLANKET COVERAGE

This endorsement modifies insurance under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

1. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Fine Arts, Collectibles and Memorabilia - Blanket Coverage

a. Coverage

We will pay for direct physical loss or damage to fine arts, collectibles and memorabilia owned by you while located within the United States of America and Canada.

b. Exclusions

Under **B. EXCLUSIONS**, the following exclusions are added to apply only to this Additional Coverage.

- (1) An action committed by you or at your direction with the intent to cause loss or damage.
- (2) Damage caused by any repairing, restoration or retouching process.
- (3) Breakage of art glass windows, statuary, marble, glassware, bric-a-brac, porcelains and similar fragile articles unless caused by:
 - (a) Fire or lightning;
 - (b) Aircraft;
 - (c) Theft or attempted theft;
 - (d) Earthquake;
 - (e) Flood or storm surge;
 - (f) Malicious damage; or
 - (g) Collision, derailment or overturn of conveyance;except as we may state otherwise.
- (4) Loss to fine arts, collectibles or memorabilia on exhibition at any premises other than described in the Declarations.
- (5) Mysterious disappearance unless the loss is a direct result of a forcible entry of which there is visible evidence.

c. Limit Of Insurance

We will pay no more than the smallest of either:

- (1) The cost to replace damaged property with new property of similar quality and features reduced by the amount of decrease in value because of age, wear, obsolescence or market value applicable to the damaged property immediately prior to the loss; or
- (2) The Limit of Insurance shown in the Declarations for FINE ARTS, COLLECTIBLES OR MEMORABILIA - BLANKET INSURANCE.

In no event shall our payment for all items in any one loss exceed the Limit of Insurance shown in the Declarations for FINE ARTS, COLLECTIBLES OR MEMORABILIA - BLANKET INSURANCE.

This is an additional amount of insurance.

d. Deductible

No deductible applies to this Additional Coverage.

e. Conditions

- (1) In case of loss of or damage to any part of a pair or set, we may:
 - (a) repair or replace any part of the pair or set to restore it to its value before the loss; or
 - (b) pay the difference between the actual cash value of the property before and after the loss.
- (2) In case of loss or damage to any part of property covered, consisting of several parts when complete, we shall pay only for the value of the part loss or damaged.

2. Under A. COVERAGE, b. Business Personal Property, 2. Property Not Covered, the following property is added:

Fine arts, collectibles and memorabilia.

3. Under 4. LIMITATIONS, paragraph c. does not apply to this Additional Coverage.

4. The following Definitions apply to this endorsement only:

- a. Fine arts** mean paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art of rarity, historical value or artistic merit.
- b. Collectibles** mean objects collected as a hobby, for display or as an investment whose value may appreciate.
- c. Memorabilia** means objects valued for their connection to historical events, culture, entertainment or experiences worthy of remembrance.

All other policy terms and conditions apply.

BUSINESSOWNERS
54353 (10-08)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESSOWNERS LIABILITY PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM
BUSINESSOWNERS COMMON POLICY CONDITIONS

1. EXTENDED WATERCRAFT COVERAGE

Under **B. EXCLUSIONS, 1. Applicable to Business Liability Coverage, g.** exclusion (2) is deleted and is replaced by the following:

(2) A watercraft you do not own that is:

- (a) Less than 50 feet long; and
- (b) Not being used to carry persons or property for a charge;

2. HIRED AUTO AND NON-OWNED AUTO LIABILITY COVERAGE

Coverage for "bodily injury" and "property damage" liability provided under **A. COVERAGES, 1. Business Liability**, is extended as follows under this item, but only if you do not have any other insurance available to you which affords the same or similar coverage.

Coverage

We will pay those sums the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" arising out of the maintenance or use of an "auto":

- a. You do not own;
- b. Which is not registered in your name; or
- c. Which is not leased or rented to you for more than ninety consecutive days

and which is used in your business.

Exclusions

With respect to only **HIRED AUTO AND NON-OWNED AUTO LIABILITY COVERAGE**, the exclusions which apply to **A. COVERAGES, 1. Business Liability**, other than exclusion **3. Nuclear Energy Liability Exclusion**, do not apply. The following exclusions apply to this coverage:

This coverage does not apply to:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.
- b. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
- c. (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a) That are, or are contained in any property that is:
 - 1) Being transported or towed by, handled or prepared for placement into or upon, or taken from the "auto";
 - 2) Otherwise in the course of transit by you or on your behalf; or
 - 3) Being disposed of, stored, treated or processed into or upon the "auto";

- (b)** Before such "pollutants" or property containing "pollutants" are moved from the place they are accepted by you or anyone acting on your behalf for placement into or onto the "auto"; or
- (c)** After such "pollutants" or property containing "pollutants" are removed from the "auto" to where they are delivered, disposed of or abandoned by you or anyone acting in your behalf.
- c.(1)(a)** above does not apply to "pollutants" that are needed or result from the normal mechanical, electrical or hydraulic functioning of the "auto" or its parts, if the discharge, release, escape, seepage, migration or dispersal of such "pollutants" is directly from a part of the "auto" designed to hold, store, receive or dispose of such "pollutants" by the "auto" manufacturer.
- c.(1)(b)** and **c.(1)(c)** above do not apply, if as a direct result of maintenance or use of the "auto", "pollutants" or property containing "pollutants" which are not in or upon the "auto", are upset, overturned or damaged at any premises not owned by or leased to you. The discharge, release, escape, seepage, migration or dispersal of the "pollutants" must be directly caused by such upset, overturn or damage.
- (2)** Any loss, cost or expense arising out of any:
- (a)** Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- (b)** Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".
- d.** "Bodily injury" or "property damage" however caused, arising directly or indirectly, out of:
- (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.
- e.** "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
- (1)** Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. However, if the insurance under this policy does not apply to the liability of the insured, it also does not apply to such liability assumed by the insured under an "insured contract".
- (2)** That the insured would have in the absence of the contract or agreement.
- f.** "Property damage" to:
- (1)** Property owned or being transported by, or rented or loaned to any insured; or
- (2)** Property in the care, custody or control of any insured
- other than "property damage" to a residence or a private garage by a private passenger "auto" covered by this coverage.
- g.** "Bodily injury" to:
- (1)** An "employee" of the insured arising out of and in the course of employment by the insured; or
- (2)** The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.
- This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to:

- (1) Liability assumed by the insured under an "insured contract".
- (2) "Bodily injury" to any "employee" of the insured arising out of and in the course of his domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

Who Is An Insured

With respect to only this coverage, **C. WHO IS AN INSURED**, is deleted and replaced by the following:

C. WHO IS AN INSURED

Each of the following is an insured with respect to this coverage:

- a. You.
- b. Your partners if you are designated in the Declarations as a partnership or a joint venture.
- c. Your members if you are designated in the Declarations as a limited liability company.
- d. Your executive officers if you are designated in the Declarations as an organization other than a partnership, joint venture or limited liability company.
- e. Any person using the "auto" and any person or organization legally responsible for the use of an "auto" not owned by such person or organization, provided the actual use is with your permission.

None of the following is an insured:

- a. Any person engaged in the business of his or her employer with respect to "bodily injury" to any co-"employee" of such person injured in the course of employment.

- b. Any person using the "auto" and any person other than you, legally responsible for its use with respect to an "auto" owned or registered in the name of:

- (1) Such person; or
- (2) Any partner or executive officer of yours or a member of his or her household; or
- (3) Any "employee" or agent of yours who is granted an operating allowance of any sort for the use of such "auto".

- c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate.
- d. The owner or lessee (of whom you are a sublessee) of a hired "auto" or the owner of an "auto" you do not own or which is not registered in your name which is used in your business or any agent or employee of any such owner or lessee.
- e. Any person or organization with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

Additional Definitions

The following definition applies to only this coverage:

"Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".

Limits of Insurance

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE, is deleted and replaced by the following:

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) Claims made or "suits" brought; or

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(3) Persons or organizations making claims or bringing "suits".

2. Except as provided in paragraph 4. immediately below, the most we will pay for the sum of all damages because of all:
 - a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
 - b. "Personal injury" and "advertising injury" sustained by any one person or organization

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises rented to you or temporarily occupied by you with permission of the owner arising out of or caused by fire, lightning, explosion, smoke and water damage is the amount shown in the Declarations under Fire, Lightning, Explosion, Smoke and Water Damage Legal Liability.
4. We will pay damages for "bodily injury" or "property damage" up to the limits of liability stated in the Declarations for Hired Auto and Non-Owned Liability coverage. Such limit is the total amount of coverage and the most we will pay for all damages because of or arising out of all "bodily injury" and "property damage" in any one "occurrence".

5. Aggregate Limits

The most we will pay for:

- a. Injury or damage under the "products/completed operations hazard" arising from all "occurrences" during the policy period is the Products-Completed Operations Aggregate limit shown in the Declarations; and
- b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is

the Aggregate Limit (Other than Products-Completed Operations) shown in the Declarations. This limitation does not apply to:

- (1) "Property damage" to premises rented to you arising out of fire or explosion.
- (2) Hired Auto And Non-owned Auto Liability Coverage provided under this endorsement.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

3. BROADENED SUPPLEMENTARY PAYMENTS COVERAGE

Under **A. COVERAGES, 1. Business Liability, e. Coverage Extension - Supplementary Payments:**

Paragraph (2.), the amount we will pay for bail bonds is increased from \$250 to \$2,000.

Paragraph (4.), the amount we will pay for the actual loss of earnings is increased from \$100 per day to \$400 per day.

4. PERSONAL INJURY EXTENSION COVERAGE

- a. If Personal Injury is shown as "EXCLUDED" in the Declarations, then this provision, **4. PERSONAL INJURY EXTENSION COVERAGE** does not apply.
- b. If a limit is shown in the Declarations for Personal Injury, then under **F. LIABILITY AND MEDICAL EXPENSES DEFINITIONS, 10.** "Personal injury" is deleted and replaced by the following:
 10. "Personal injury" means, other than "bodily injury", arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;

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- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication of material that violates a person's right of privacy; or
- f. Discrimination, humiliation, sexual harassment and any violation of civil rights caused by such discrimination, humiliation or sexual harassment.

5. BROADENED KNOWLEDGE OF OCCURRENCE

Under **E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS, 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**, the following paragraph is added:

Paragraphs **a.** and **b.** of this condition will not serve to deny any claim for failure to provide us with notice as soon as practicable after an "occurrence" or an offense which may result in a claim:

- a. If the notice of a new claim is given to your "employee"; and
- b. That "employee" fails to provide us with notice as soon as practicable.

This exception shall not apply:

- a. To you; or
- b. To any officer, director, partner, risk manager or insurance manager of yours.

6. FIRE, LIGHTNING, EXPLOSION, SMOKE AND WATER DAMAGE LEGAL LIABILITY

- a. **Fire, Lightning, Explosion, Smoke and Water Damage Legal Liability Coverage**

Under **SECTION B - EXCLUSIONS**, the last paragraph is deleted and replaced by the following:

Exclusions **c., d., e., f., g., h., i., k., l., m., n.,** and **o.** do not apply to damage by fire, lightning, explosion, smoke or water damage to premises rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **6. FIRE, LIGHTNING, EXPLOSION, SMOKE AND WATER DAMAGE LEGAL LIABILITY, b. Limits of Insurance.**

The following additional exclusions apply to "property damage" arising out of Water Damage to premises rented to you or temporarily occupied by you with permission of the owner:

(1) "Property damage" to:

- (a) The interior of the premises caused by or resulting from rain or snow, whether driven by wind or not; or
- (b) Heating, air conditioning, plumbing or fire protection systems, or other equipment or appliances.

(2) "Property damage" caused by or resulting from any of the following:

- (a) Mechanical breakdown, including bursting or rupture caused by centrifugal force;
- (b) Cracking, settling, expansion or shrinking;
- (c) Smoke or smog;
- (d) Birds, insects, rodents or other animals;
- (e) Wear and tear;
- (f) Corrosion, rust, decay, fungus, deterioration, hidden or latent defect or any quality in property that causes such property to destroy or damage itself; or
- (g) Water that flows or leaks from any heating, air conditioning, plumbing or fire protection system caused by or resulting from freezing, unless:

- 1) You make a reasonable effort to maintain heat in the building or structure; or
 - 2) You drain the equipment and shut off the water supply if the heat is not maintained.
- (3) "Property damage" caused directly or indirectly by any of the following:
- (a) Water that backs up from a drain or sewer;
 - (b) Mud flow or mudslide;
 - (c) Volcanic eruption, explosion or effusion;
 - (d) Any earth movement, such as earthquake, landslide, mine subsidence, earth sinking, earth rising or earth shifting;
 - (e) Regardless of the cause, flood, surface water, waves, tides, tidal waves, storm surge, overflow of any body of water, or their spray, all whether wind driven or not;
 - (f) Water under the ground surface pressing on, or seeping or flowing through:
 - 1) Walls, foundations, floors or paved surfaces;
 - 2) Basements, whether paved or not; or
 - 3) Doors, windows or other openings.
- (4) "Property damage" for which the insured is obligated to pay as damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of this contract or agreement.

b. Limits of Insurance

D. LIABILITY AND MEDICAL EXPENSES LIMIT OF INSURANCE, is deleted and replaced by the following:

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The most we will pay for the sum of all damages because of all:
 - a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
 - b. "Personal injury" and "advertising injury" sustained by any one person or organization

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.
3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises rented to you or temporarily occupied by you with permission of the owner arising out of or caused by fire, lightning, explosion, smoke and water damage is the amount shown in the Declarations under Fire, Lightning, Explosion, Smoke and Water Damage Legal Liability.
4. **Aggregate Limits**

The most we will pay for:

 - a. Injury or damage under the "products/completed operations hazard" arising from all "occurrences" during the policy period is the Products-Completed Operations Aggregate limit shown in the Declarations; and

- b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is the Aggregate Limit (Other than Products-Completed Operations) shown in the Declarations. This limitation does not apply to "property damage" to premises rented to you arising out of fire, lightning, explosion, smoke or water damage.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

7. BLANKET ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT

- a. **C. WHO IS AN INSURED** is amended to include as an additional insured any person or organization with whom you have agreed:

- (1) In a written contract or agreement, executed prior to loss, to name as an additional insured; or
- (2) In an oral contract or agreement, executed prior to loss, to name as an additional insured only if a Certificate of Insurance was issued prior to loss indicating that the person or organization was an additional insured

but only to the extent that the liability for:

- (1) "Bodily injury";
- (2) "Property damage";
- (3) "Personal injury"; or
- (4) "Advertising injury"

caused in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

- b. With respect to the insurance afforded to an additional insured, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

- c. The following is added to **D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**:

The Limits of Insurance for the additional insured are those specified in the written contract or agreement between the insured and the lessor, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.

8. BLANKET ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES

- a. **C. WHO IS AN INSURED** is amended to include as an additional insured any person or organization with whom you have agreed:

- (1) In a written contract or agreement, executed prior to loss, to name as an additional insured; or
- (2) In an oral contract or agreement, executed prior to loss, to name as an additional insured only if a Certificate of Insurance was issued prior to loss indicating that the person or organization was an additional insured

but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you.

- b. This provision is subject to the following additional exclusions, applicable to this provision only:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises.
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of the additional insured.

- c. The Limits of Insurance for the additional insured are those specified in the written contract or agreement between the insured and the manager or lessor of the premises, not to exceed the limits provided in this policy. These limits are

inclusive of and not in addition to the Limits of Insurance shown in the Declarations.

9. BLANKET WAIVER OF SUBROGATION

The following is added to **BUSINESSOWNERS COMMON POLICY CONDITIONS, J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US, 2.**

When you have agreed to waive your right of subrogation in a written contract, executed prior to loss, with any person or organization, we waive any right of recovery we may have against such person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard".

10. NEWLY FORMED OR ACQUIRED ORGANIZATIONS

The following provision is added to **C. WHO IS AN INSURED.**

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability

company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
- b. **A. COVERAGES** does not apply to:
 - (1) "Bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - (2) "Personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACCOUNTS RECEIVABLE COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

SCHEDULE*

Prem. No.	Bldg. No.	Additional Premium	Limit of Insurance
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If additional premium for Accounts Receivable is shown in the Declarations or in the Schedule above, the following coverage applies. This coverage is subject to the provisions applicable to the Businessowners Property Coverage Form of this policy including the deductible, except as provided below.

A. COVERAGE

Under Businessowners Special Property Coverage Form, subparts **1.**; **2.**; **4.**; **5.**; and **6.** are deleted as applied to this endorsement and replaced by the following:

1. We will pay:
 - a. All amounts due from your customers that you are unable to collect;
 - b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - c. Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
 - d. Other reasonable expenses that you incur to re-establish your records of accounts receivable

that result from direct physical loss or damage by any Covered Causes of Loss to your records of accounts receivable.

2. PROPERTY NOT COVERED

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

3. COVERAGE EXTENSION

Removal

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of loss or damage, we will pay for loss or damage while they are:

- a. At a safe place away from the described premises; or
- b. Being taken to and returned from that place.

This Coverage Extension is included within the Limit of Insurance applicable to the premises from which the Covered Property is removed.

4. EXCLUSIONS

Under Section B. EXCLUSIONS, the following exclusions are added to apply only to this endorsement:

- a. We will not pay for loss or damage caused by or resulting from any of the following:
 - (1) Dishonest acts by you, anyone else with an interest in the property, or your or their employees or authorized representatives, or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

- (2) 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.

- (3) Bookkeeping, accounting or billing errors or omissions.
- (4) Electrical or magnetic injury, disturbance or erasure of electronic recordings. But we will pay for direct loss or damage caused by lightning.
- (5) Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- (6) Unauthorized instructions to transfer property to any person or to any place.
- b. We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.
- c. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
- (1) Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph a.(1), (2) or (3) above to produce the loss or damage.
- (2) Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- (3) Faulty, inadequate or defective:
- (a) Planning, zoning, development, surveying, siting;
- (b) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (c) Materials used in repair, construction, renovation or remodeling; or

- (d) Maintenance of part or all of any property on or off the described premises.

B. LIMIT OF INSURANCE

This section is replaced by the following:

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

For accounts receivable not at the described premises, the most we will pay is:

1. \$2,500; or
2. 25% of the accounts receivable limit whichever is less.

C. ADDITIONAL CONDITIONS

The following is added to paragraph E.6.d. of the Loss Payment Condition:

1. 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:
 - a. 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
 - b. Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
2. The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - a. The amount of the accounts for which there is no loss or damage;
 - b. The amount of the accounts that you are able to re-establish or collect;
 - c. An amount to allow for probable bad debts that you are normally unable to collect; and
 - d. All unearned interest and service charges.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VALUABLE PAPERS AND RECORDS COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

SCHEDULE

Prem. No.	Bldg. No.	Additional Premium	Limit of Insurance
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If additional premium for Valuable Papers and Records is shown in the Declarations or in the Schedule above, the following coverage applies. This coverage is subject to the provisions applicable to the Businessowners Property Coverage Form of this policy including the deductible, except as provided below.

A. COVERAGE

Under Businessowners Special Property Coverage Form, subparts 1.; 2.; 4.; 5.; and 6. are deleted as applied to this endorsement and replaced by the following:

- 1. **COVERED PROPERTY**, as used in this endorsement, means the following type of property that is your property or property of others in your care, custody or control.

Valuable papers and records, meaning inscribed, printed or written:

- a. Documents;
 - b. Manuscripts; and
 - c. Records
- including abstracts, books, deeds, drawings, films, maps, or mortgages.

But valuable papers and records does not mean:

- i. "Money" or "Securities";
- ii. Converted Data;
- iii. Programs or instructions used in your data processing operations, including the materials on which the data is recorded.

- 2. **PROPERTY NOT COVERED**

Covered Property does not include:

- a. Property held as samples or for delivery after sale;

- b. Property in storage away from the premises shown in the Declarations or in the Schedule; or
- c. Contraband, or property in the course of illegal transportation or trade.

- 3. **COVERAGE EXTENSION**
Removal

If you give us written notice within 10 days of removal of your valuable papers and records because of imminent danger of loss or damage, we will pay for loss or damage while it is:

- a. At a safe place away from the described premises; or
- b. Being taken to and returned from that place.

This Coverage Extension is included within the Limits of Insurance applicable to the premises from which the Covered Property is removed.

- 4. The VALUABLE PAPERS AND RECORDS Coverage Extension in the Businessowners Property Coverage Form does not apply at any premises where this endorsement applies.

- 5. The PERSONAL PROPERTY OFF PREMISES Coverage Extension in the Businessowners Property Coverage Form does not apply to valuable papers and records.

B. EXCLUSIONS

Under Section B. EXCLUSIONS, the following exclusions are added to apply only to this endorsement:

1. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Dishonest acts by you, anyone else with an interest in the property, or your or their employees or authorized representatives, or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.
But this exclusion does not apply to a carrier for hire.
 - b. Errors or omissions in processing or copying.
But we will pay for direct loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this endorsement.
 - c. Electrical or magnetic injury, disturbance or erasure of electronic recordings.
But we will pay for direct loss or damage caused by lightning.
 - d. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - e. Unauthorized instructions to transfer property to any person or to any place.
2. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1.a., 1.b. and 1.c. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance of part or all of any property on or off the described premises.

C. LIMIT OF INSURANCE

This section is replaced by the following:

The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for valuable papers and records shown in the Schedule above or in the Declarations.

For valuable papers and records not at the described premises, the most we will pay is:

1. \$2,500; or
2. 25% of the valuable papers and records limit whichever is less.

D. PROPERTY LOSS CONDITIONS

Paragraph d.(6) of the LOSS PAYMENT Loss Condition does not apply to valuable papers and records that are actually replaced or restored.

E. ADDITIONAL DEFINITIONS

1. "Money" means:
 - a. Currency, coins and bank notes whether or not in current use; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
2. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps whether or not in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue
but does not include "money".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

1. **A. COVERAGE** is amended.
 - a. BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM, **4. Limitations**, paragraph a. is amended. Subparagraphs **(1)** and **(2)** are deleted and replaced by the following for purposes of this endorsement only.
 - (1)** Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. However, 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.
 - (2)** Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - b. **Additional Coverages** is amended.
 - (1) Pollutant Clean Up and Removal** is deleted and replaced by the following for purposes of this endorsement only.

Pollutant Clean Up and Removal
We will pay for the pollutant clean up, removal, repair or replacement of damaged Covered Property resulting from an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance section of this endorsement. This coverage does not include contamination of perishable stock by a refrigerant.
 - (2)** The following **Additional Coverages** are added.
 - (a) Expediting Expenses**
We will pay for the expediting expense loss resulting from an "Equipment Breakdown" with respect to your damaged Covered Property. We will pay the "reasonable extra cost" to:
 - 1) Make temporary repairs;
 - 2) Expedite permanent repairs; or
 - 3) Expedite permanent replacement.

"Reasonable extra cost" shall mean "the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation". The amount we pay is subject to the Limits of Insurance section of this endorsement.
 - (b) Refrigerant Contamination**
We will pay for loss to your Covered Property that is damaged by contamination by a refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance section of this endorsement.
 - (c) Spoilage Coverage**
 - 1) We will pay for loss of "perishable goods" caused by spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "Equipment Breakdown" to types of property covered by this policy, that are:
 - a) Located on or within 1,000 feet of your described premises; and
 - b) Owned by you, the building owner (if you are a tenant), or owned by a public utility, or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas,

compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission.

- 2) However, we will not pay for any physical loss or damage caused by or resulting from any of the causes of loss listed below, unless loss or damage not otherwise excluded results, then we will pay for such resulting damage:
- a) Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement; or
 - b) Flood, unless an "Equipment Breakdown" ensues.

Our payment will be based upon the actual replacement cost of the "perishable goods" at the time of loss. The amount we pay is subject to the Limits of Insurance section of this endorsement.

(d) CFC Refrigerants

We will pay for the "additional costs" to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances.

"Additional costs" mean those in excess of what would have been required to repair or replace Covered Property, had no CFC refrigerant been involved. We will also pay for additional loss as described under Spoilage Coverage or loss of Business Income Coverage provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We will pay no more than the least of the following:

- 1) The cost to repair the damaged property and replace any lost CFC refrigerant;
- 2) The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- 3) The cost to replace the system with one using a non-CFC refrigerant.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

(e) Computer Equipment

We will pay for direct physical loss or damage to your computers as a result of an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance section of this endorsement.

(f) Business Interruption, Extra Expense, Data Restoration and Service Interruption

Any insurance provided for Business Income, Extra Expense or Data Restoration is extended to apply to your loss, damage or expense caused by an "Equipment Breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, data transmission or "cloud computing". The equipment must meet the definition of "Equipment Breakdown" except that it is not Covered Property.

We will pay:

- 1) Your actual loss sustained from a total or partial interruption of business; and
- 2) The reasonable extra expense you sustain to run your business during the interruption, caused solely by an "Equipment Breakdown", including an "Equipment Breakdown" to any transformer, electrical apparatus, or any covered equipment that is:
 - a) Located on or within 1,000 feet of your described premises;
 - b) Owned by you, the building owner (if you are a tenant), or owned by a public utility company; and
 - c) Used to supply electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

(g) Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore the lost information on electronic media and records as a result of an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance section of this endorsement.

(h) Temperature Fluctuation

We will pay for loss of "perishable goods" only caused by or resulting from any condition or event to Covered Property that can be resolved by calibrating, resetting, tightening, adjusting or cleaning.

However, we will not pay for loss of "perishable goods" as a result of resetting the power supply to the Covered Property containing the "perishable goods".

The amount we pay is subject to the Limits of Insurance section of this endorsement.

(i) Unauthorized Instruction

We will pay for loss or damage to your "computer equipment" caused by an "unauthorized instruction" which results in an "Equipment Breakdown".

"Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment and electronic media and records.

"Unauthorized instruction" means a virus, harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

(j) Risk Improvement

If Covered Property suffers direct physical loss or damage caused by an "Equipment Breakdown", we will pay for the insured to improve the "power quality" of the electrical system or equipment at the loss location where the "Equipment Breakdown" occurred. "Power quality" means the conditions that allow

the electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that would adversely affect the operational performance and/or reduce the reliability, or the life span of the electrical system.

We will pay the reasonable extra cost to improve "power quality" for the following electrical systems and/or equipment improvements:

1) Installation of surge protection devices (SPD's) which are installed at the loss location's line disconnect, load disconnect, or on specific pieces of equipment and that are certified by Underwriter Laboratories (UL) or has an equivalent certification.

However SPD's do not include any SPD's which are cord-connected surge strips, direct plug-in SPD's or receptacle SPD's;

2) An upgrade and/or replacement of electrical panels, switchgear and/or circuit breakers; or

3) Electrical wire and wiring improvements which include installation of flexible conduit, junction boxes and/or ground wiring.

An invoice for implementation of this Additional Coverage must be sent to us within 180 days after the payment of the loss is received.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

(k) Off-Premises Coverage

We will pay for loss or damage to Covered Property resulting from a covered "Equipment Breakdown" while temporarily at a premises or location that is not a described premises.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

(3) The following provision is added to Coverage Extensions.

Replacement Cost Coverage

We will pay you the amount you actually spend to repair or replace your damaged property with new property of like kind, capacity, size and quality, whichever is less except for the following.

If any damaged property is not repaired or replaced, then we will pay only the actual

cash value at the time of the "Equipment Breakdown".

2. EXCLUSIONS is amended.

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM is amended. The following exclusions are deleted for purposes of this endorsement only.

a. Electrical Apparatus:

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires. But if loss or damage by fire results, we will pay for that resulting loss or damage.

d. 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 loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage.

e. Mechanical Breakdown:

Mechanical Breakdown, including rupture or bursting caused by centrifugal force. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM is amended. The following exclusions are deleted for purposes of this endorsement only.

a. Electrical Apparatus:

Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires. But if loss or damage by fire results, we will pay for that resulting loss or damage.

d. (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force; or

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

3. C. LIMITS OF INSURANCE is deleted and replaced by the following for purposes of this endorsement only.

C. LIMITS OF INSURANCE

1. The most we will pay for "Equipment Breakdown" for one or more coverages in any one occurrence at any one location is the amount equal to the "total insured value" at

each location where "Equipment Breakdown" is shown in the Declarations. This provision does not apply to paragraph C.4.

2. The limit of insurance for **Pollutant Clean Up and Removal, Refrigerant Contamination, Spoilage Coverage, Data Restoration, Temperature Fluctuation, Risk Improvement and Off-Premises Coverage** are not additional limits of insurance, but are included in the "total insured value". We will pay the lesser of "total insured value" or:
 - a. For Pollutant Clean Up and Removal, the greater of \$250,000 or the limit shown in an endorsement that is attached to the property form;
 - b. For Refrigerant Contamination, up to \$750,000 for loss or damage;
 - c. For Spoilage Coverage, up to \$750,000 for loss or damage;
 - d. For Data Restoration, up to \$100,000 for loss, damage or expense including actual loss of Business Income you sustain and necessary Extra Expense you incur;
 - e. For Temperature Fluctuation, up to \$5,000 for loss including actual loss of Business Income you sustain and necessary Extra Expense you incur;
 - f. For Risk Improvement, 10% of the loss amount paid, up to a maximum limit of \$10,000; and
 - g. For Off-Premises Coverage, up to \$25,000 for loss or damage.

3. In no event will we pay more than the "total insured value" for each location where "Equipment Breakdown" is shown in the Declarations.
4. As regards Business Interruption, Extra Expense and Service Interruption, our limit of liability for any one "Equipment Breakdown" is equal to twelve (12) consecutive months of actual loss sustained for a total or partial interruption of your business. The twelve (12) consecutive months begin on the date of the "Equipment Breakdown".

4. PROPERTY GENERAL CONDITIONS is amended. The following conditions are added for purposes of this endorsement only.

a. Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly

reinstated by delivering or mailing a written notice of suspension or coverage reinstatement to:

- (1) Your last known address; or
 - (2) The address where the property is located.
- If we suspend your insurance, you will get a pro rata refund of premium. However, the suspension will be effective even if we have not yet made or offered a refund.

b. Jurisdictional Inspections

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

c. Environmental, Safety and Efficiency Improvements

If Covered Property requires replacement caused by an "Equipment Breakdown", we will pay your additional cost to replace with equipment that is better for the environment, safer, or more efficient than the equipment being replaced.

However, we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This condition does not apply to any property to which Actual Cash Value applies.

d. Green Environmental and Efficiency Improvements

- (1) If Covered Property requires repair or replacement caused by an "Equipment Breakdown", we will pay:
 - (a) The lessor of the reasonable and necessary additional cost incurred by you to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "Green". Like kind and quality includes similar size and capacity.
 - (b) The additional reasonable and necessary fees incurred by you for an accredited professional certified by a "Green Authority" to participate in the repair or replacement of physically damaged Covered Property as "Green".
 - (c) The additional reasonable and necessary cost incurred by you for certification or recertification of the repaired or replaced Covered Property as "Green".
 - (d) The additional reasonable and necessary cost incurred by you for "Green" in the removal, disposal or recycling of damaged Covered Property.
 - (e) The business interruption (if coverage is provided by the policy to which this

endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "Green", in the coverages above.

We will not pay more than 150%, up to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs and any business interruption loss incurred as stated above.

(2) Green Environmental and Efficiency Improvements does not cover any of the following:

- (a) Covered Property does not include stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which you are legally liable, or personal property of others.
- (b) Any loss adjusted on any valuation basis other than a repair or replacement cost basis as per E. PROPERTY LOSS CONDITIONS, **6. Loss Payment**.
- (c) Any loss covered under any other section of this policy.
- (d) Any cost incurred because of any law or ordinance with which you were legally obligated to comply with prior to the time of the "Equipment Breakdown".

e. Other Insurance Issued By Us

If this policy provides coverage for Data Processing Equipment Coverages, Electronic Data Processing Equipment, Refrigerated Products or Mechanical Breakdown where two or more of this policy's coverages apply to the same loss or damage, the Coverage of this endorsement shall supersede any coverages provided outside of this endorsement for the loss or damage that arises out of an "Equipment Breakdown" loss. This Condition supersedes any similar Condition when provided by us in this policy.

5. G. OPTIONAL COVERAGES is amended.

- a. **1.c.(5)** Mechanical breakdown is deleted for purposes of this endorsement only.
- b. The provisions of this endorsement supersede **G. OPTIONAL COVERAGES, 5. Mechanical Breakdown**.

6. H. PROPERTY DEFINITIONS is amended.

- a. **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM, "Specified Causes of Loss"** is amended to include "Equipment Breakdown" for purposes of this endorsement only.

- b. **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM** and **BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM** are amended. The following definitions are added for purposes of this endorsement only.

"Cloud computing" means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications and services provided by an organization with whom you have a contract with using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud and private cloud.

"Electronic equipment" means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.

"Electronic equipment deficiency" means the quality or condition inside of "electronic equipment" which renders this equipment unexpectedly inoperable and which is operable again once a piece of "electronic equipment" has been replaced.

However, "electronic equipment deficiency" will not include replacement of "electronic equipment" for any condition that could have been resolved without replacement of the "electronic equipment" including but not limited to "computer equipment" maintenance or the reinstallation or incompatibility of software.

"Equipment Breakdown" means:

- (1) Physical loss or damage both originating within:
 - (a) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - 1) Waste disposal piping;
 - 2) Any piping forming part of a fire protective system;
 - 3) Furnaces; and
 - 4) Any water piping other than:
 - a) Boiler feed water piping between the feed pump and the boiler;
 - b) Boiler condensate return piping; or
 - c) Water piping forming part of a refrigerating or air conditioning system.
 - (b) All mechanical, electrical, "electronic equipment" or fiber optic equipment; and
- (2) Caused by, resulting from, or consisting of:

- (a) Mechanical breakdown;
- (b) Electrical or electronic breakdown and "electronic equipment deficiency"; or
- (c) Rupture, bursting, bulging, implosion, or steam explosion.

- (3) However, "Equipment Breakdown" does not mean:

Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- (a) Wear and tear;
- (b) Rust or other corrosion, decay, deterioration, hidden or latent defect, "fungi", wet rot, dry rot, bacteria or any other quality in property that causes it to damage or destroy itself;
- (c) Smog;
- (d) Settling, cracking, shrinking or expansion;
- (e) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (f) Any accident, loss, damage, cost, claim, or expense, whether preventive, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software;
- (g) Scratching or marring; and
- (h) Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:
 - 1) Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement; or
 - 2) Flood, unless an "Equipment Breakdown" ensues.

"Total insured value" means:

The sum of the limits for the following coverages if shown at the location where "Equipment Breakdown" is shown in the Declarations:

- (1) Building;
- (2) Business Personal Property;
- (3) Stock;

- (4) Personal Property of Others;
- (5) Tenants Improvements and Betterments;
- (6) Improvements and Alterations;
- (7) Furniture;
- (8) Fixtures;
- (9) Machinery and Equipment;
- (10) Personal Property in the Open;
- (11) Legal Liability Real Property;
- (12) Business Income and Extra Expense (when Business Income and Extra Expense - 12 months - Actual Loss Sustained is shown, Business Income and Extra Expense applies at 25% of the sum of the building and business personal property limits at that location);
- (13) Business Income (Without Extra Expense); and
- (14) Extra Expense.

"Green" means products, materials, methods and processes certified by a "Green Authority" that conserve natural resources, reduce energy

or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

"Green Authority" means an authority on "Green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), "Green" Building Initiative Green Globes®, Energy Star Rating System or any other recognized "Green" rating system.

"Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

"Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

All other policy terms and conditions apply.

**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
AND
IMPORTANT INFORMATION REGARDING TERRORISM RISK
INSURANCE COVERAGE**

It is agreed:

1. With respect to any one or more certified acts of terrorism, we will not pay any amounts for which we are not responsible because of the application of any provision which results in a cap on our liability for payments for terrorism losses in accordance with the terms of the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).
2. Certified act of terrorism means any act certified by the Secretary of the Treasury, in consultation with:
 - a. the Secretary of Homeland Security; and
 - b. the Attorney General of the United Statesto be an act of terrorism as defined and in accordance with the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).
3. Under the federal Terrorism Risk Act of 2002 (including ensuing Congressional actions pursuant to the Act) a terrorist act may be certified:
 - a. if the aggregate covered commercial property and casualty insurance losses resulting from the terrorist act exceed \$5 million; and
 - b. (1) if the act of terrorism is:
 - a) a violent act; or
 - b) an act that is dangerous to human life, property or infrastructure; and(2) if the act is committed:
 - a) by an individual or individuals as part of an effort to coerce the civilian population of the United States; or
 - b) to influence the policy or affect the conduct of the United States government by coercion.

All other policy terms and conditions apply.

IMPORTANT INFORMATION REGARDING TERRORISM RISK INSURANCE COVERAGE

The Terrorism Risk Insurance Act of 2002 was signed into law on November 26, 2002. The Act (including ensuing Congressional actions pursuant to the Act) defines an act of terrorism, to mean any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States to be (i) an act of terrorism; (ii) to be a violent act or an act that is dangerous to human life, property or infrastructure; (iii) to have resulted in damage within the United States or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion.

Subject to the policy terms and conditions, this policy provides insurance coverage for acts of terrorism as defined in the Act.

Any coverage for certain commercial lines of property and casualty insurance provided by your policy for losses caused by certified acts of terrorism are partially paid by the federal government under a formula established by federal law. Under this formula, the government will reimburse us for 85% of such covered losses that exceed the statutory deductible paid by us. However, beginning January 1, 2016 the share will decrease 1% per calendar year until it equals 80%. **You should also know that in the event aggregate insured losses exceed \$100 billion during any year the Act is in effect, then the federal government and participating United States insurers that have met their insurer deductible shall not be liable for the payment of any portion of that amount of the loss that exceeds \$100 billion. In the event that aggregate insured losses exceed \$100 billion annually, no additional claims will be paid by the federal government or insurers.** This formula is currently effective through December 31, 2020 unless extended.

The premium charge, if any, for this coverage is shown separately on the attached Declarations page. In the event of a certified act of terrorism, future policies also may include a government assessed terrorism loss risk-spreading premium in accordance with the provisions of the Act.

Please contact us if you would like to reject coverage for certified acts of terrorism.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OFF-PREMISES UTILITY SERVICE FAILURE

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

Off-Premises Utility Service Failure

In the event of the interruption of utility service to the premises described in the Declarations, we shall pay for loss of or damage to Covered Property, actual loss of "Business Income" and necessary "Extra Expense". The interruption must result from direct physical damage by a Covered Cause of Loss to property of your "local utility service".

2. The most we shall pay for all loss or damage to Covered Property, actual loss of "Business Income" and necessary "Extra Expense" in any one loss is the Limit of Insurance shown in the Declarations for OFF-PREMISES UTILITY SERVICE FAILURE. Payment for your actual loss of "Business Income" and necessary "Extra Expense", if any, will be subject to the necessary suspension of your "operation" during the "period of restoration" and the following terms and conditions:

- a. Under **A. COVERAGE, 5. Additional Coverages, f. Business Income** and **g. Extra Expense** do not apply to this endorsement.

- b. **"Operation"**, means your business activities occurring at the described premises.

- c. **"Period of Restoration"**, means the period of time that:

- (1) Begins with the interruption of utility service to the premises described in the Declarations caused by direct physical loss or damage by a Covered Cause of Loss to the property of your "local utility service"; and
- (2) Ends on the date when the interruption of utility service to the premises described in the Declarations is restored.

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

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

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

- d. **"Business Income"**, means the:

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

- e. **"Extra Expense"**, means expense incurred:

- (1) To avoid or minimize the suspension of business and to continue "operations":
 - (a) At the described premises; or
 - (b) At replacement premises or at temporary locations, including:
 - 1) Relocation expenses; and
 - 2) Costs to equip and operate the replacement or temporary locations.
- (2) To minimize the suspension of business if you cannot continue "operations".
- (3) (a) To repair or replace any property; or
 - (b) To research, replace or restore the loss information on damaged valuable papers and records to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

3. Exclusions

The following exclusions apply only to this endorsement:

a. Perishable Stock

We will not pay for loss or damage to "perishable stock".

b. Power or Other Utility Grid Failure

Under **B. EXCLUSIONS, 1.e. Power Failure**, is deleted and replaced by the following exclusion for this endorsement only:

We shall not pay for loss or damage caused by or resulting from the failure to supply "communication supply services", "power supply services" or "water supply services" from any regional or national grid.

4. Definitions

The following definitions apply only to this Additional Coverage:

- a. **"Communication Supply Services"**, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, that are not located on a described premises and not rented, leased or owned by any insured, such as:
 - (1) Communication transmission lines, including optic fiber transmission lines;
 - (2) Coaxial cables; and
 - (3) Microwave radio relays except satellites.
- b. **"Local Utility Service"**, means your billing entity, repair entity or service entity directly supplying your "communication supply services", "power supply services" or "water supply services" to the premises described in the Declarations.
- c. **"Perishable Stock"**, means merchandise held in storage or for sale that is refrigerated for preservation and is susceptible to loss or damage if the refrigeration fails.

- d. **"Power Supply Services"**, means the following types of property supplying electricity, steam or gas to the described premises, that are located on a described premises and not rented, leased or owned by any insured:
- (1) Utility generating plants;
 - (2) Switching stations;
 - (3) Substations;
 - (4) Transformers; and
 - (5) Transmission lines.
- e. **"Water Supply Services"**, means the following types of property supplying water to the described premises, that are not located on a described premises and not rented, leased or owned by any insured:
- (1) Pumping stations; and
 - (2) Water mains.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

A. The BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM and the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM are amended.

1. The following exclusion is added to B.

EXCLUSIONS:

If loss or damage to Covered Property in the Beach Territory is caused by or results from Windstorm Or Hail, the following additional exclusion applies:

Windstorm Or Hail Exterior Paint And Waterproofing Exclusion

We will not pay for loss or damage to:

- a.** Paint; or
- b.** Waterproofing material applied to the exterior of Buildings.

We will not include the value of paint or waterproofing material to determine the value of Covered Property.

The Beach Territory consists of localities south and east of the Inland Waterway:

- a.** From the South Carolina line to Fort Macon (Beaufort Inlet); and
- b.** From there south and east of Core, Pamlico, Roanoke and Currituck Sounds to the Virginia line, generally known as the Outer Banks.

2. E. PROPERTY LOSS CONDITIONS is amended.

a. Paragraph **2. Appraisal** is deleted and replaced with the following:

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. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select

a competent and impartial umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be the appraised value of the property or amount of the loss. If you make a written demand for an appraisal of the loss, each party will:

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

b. Paragraph **4. Legal Action Against Us** is deleted and replaced with the following:

4. Legal Action Against Us

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

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

c. Paragraph **6.d.(1)(b) Loss Payment** is deleted and replaced with the following:

6. Loss Payment

- (b)** We will not pay on a replacement cost basis for any loss or damage:
 - (i)** Until the lost or damaged property is actually repaired or replaced:
 - i.** On the described premises; or
 - ii.** At some other location in the State of North Carolina; and

- (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

3. F. PROPERTY GENERAL CONDITIONS is amended. The following condition is added:
Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

- a. If the Covered Property that has sustained loss or damage is located within the geographic area designated in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this policy or in an endorsement attached to this policy) shall be extended by a time period not exceeding the earlier of:
 - (1) The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - (2) The expiration of the Insurance Commissioner's order declaring action for the specific disaster, as determined by the Insurance Commissioner.
- b. Except as otherwise provided in Paragraph a., the following applies if you or we reside in or are located in the geographic area designated in the disaster declaration or proclamation:
 If this policy or an endorsement attached to this policy imposes a time limitation on you or us for a performance of:
 - (1) A premium or debt payment; or
 - (2) Any other duty or any act (including transmittal of information)
 under the terms of this policy and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, as determined by the Insurance Commissioner, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

B. BUSINESSOWNERS COMMON POLICY CONDITIONS is amended.

- 1. **A. CANCELLATION** is amended. Paragraphs **A.1.** and **A.2.** are deleted and replaced by the following:
 - 1. The first Named Insured shown in the Declarations may cancel this policy by returning it to us or by notifying us of the date cancellation is to take effect.
 - 2. a. **Cancellation Of Policies In Effect Less Than 60 Days**
 If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
 - b. **Cancellation Of Policies In Effect For 60 Days Or More**
 - (1) If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the expiration of the policy term or anniversary date stated in the policy only for one or more of the following reasons:
 - (a) Nonpayment of premium;
 - (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;
 - (c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
 - (d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
 - (e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;
 - (f) Willful failure by the insured or his or her representative to institute reasonable loss control

- measures that materially affect the insurability of the risk after written notice by us;
- (g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;
 - (h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;
 - (i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or
 - (j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.
- (2) We will mail or deliver written notice of cancellation to the first Named Insured at least:
 - (a) 15 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.
 - c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
 - d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

- 2. The following conditions are added:
 - a. **NONRENEWAL**
 - (1) If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:
 - (a) Expiration of the policy if this policy has been written for one year or less; or
 - (b) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.
 - (2) We need not mail or deliver the notice of nonrenewal if you have:
 - (a) Insured property covered under this policy, under any other insurance policy;
 - (b) Accepted replacement coverage; or
 - (c) Requested or agreed to nonrenewal of this policy.
 - b. If notice is mailed, proof of mailing will be sufficient proof of notice.
 - c. The written notice of cancellation or nonrenewal will:
 - (1) Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and
 - (2) State the reason or reasons for cancellation or nonrenewal.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA STANDARD FIRE POLICY PROVISIONS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

The provisions of the Standard Fire Policy are stated below. State law still requires that they be attached to all policies. If any conditions of this form are construed to be more liberal than any other policy conditions relating to the perils of fire, lightning or removal, the conditions of this form will apply.

IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN OR ADDED HERETO, AND OF THE PREMIUM SPECIFIED in the Declarations or in endorsements made a part hereof, this Company, for the term of *years specified in the Declarations* from *inception date shown in the Declarations* At 12:01 A.M. (Standard Time) to *expiration date shown in the Declarations* At 12:01 A.M. (Standard time) at location of property involved, to an amount not exceeding the limit of liability specified in the Declarations, does insure **the Insured named in the Declarations** and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND OTHER PERILS INSURED AGAINST IN THIS POLICY INCLUDING REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described in the Declarations while located or contained as described in this policy, or pro rata for five days at each property place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

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| <p>1 Concealment,
2 fraud.
3
4 terial fact or circumstance concerning this insurance or the
5 subject thereof, or the interest of the insured therein, or in case
6 of any fraud or false swearing by the insured relating thereto.
7 Uninsurable
8 and
9 excepted property.
10
11 Perils not
12 included.
13
14 enemy attack by armed forces, including action taken by mili-
15 tary, naval or air forces in resisting an actual or an immediately
16 impending enemy attack; (b) invasion; (c) insurrection; (d)</p> | <p>This entire policy shall be void if, whether
before or after a loss, the insured has wil-
fully concealed or misrepresented any ma-
terial fact or circumstance concerning this insurance or the
subject thereof, or the interest of the insured therein, or in case
of any fraud or false swearing by the insured relating thereto.
This policy shall not cover accounts, bills,
currency, deeds, evidences of debt, money or
securities; nor, unless specifically named
hereon in writing, bullion or manuscripts.
This Company shall not be liable for loss by
fire or other perils insured against in this
policy caused, directly or indirectly, by: (a)</p> | <p>17 rebellion; (e) revolution; (f) civil war, (g) usurped power; (h)
18 order of any civil authority except acts of destruction at the time
19 of and for the purpose of preventing the spread of fire, provided
20 that such fire did not originate from any of the perils excluded
21 by this policy; (i) neglect of the insured to use all reasonable
22 means to save and preserve the property at and after a loss, or
23 when the property is endangered by fire in neighboring prem-
24 ises; (j) nor shall this Company be liable for loss by theft.
25 Other Insurance. Other insurance may be prohibited or the
26 amount of insurance may be limited by en-
27 dorsement attached hereto.
28 Conditions suspending or restricting insurance. Unless other-
29 wise provided in writing added hereto this Company shall not
30 be liable for loss occurring
31 (a) while the hazard is increased by any means within the con-
32 trol or knowledge of the insured; or
33 (b) while a described building, whether intended for occupancy</p> |
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34 by owner or tenant, is vacant or unoccupied beyond a period of
35 sixty consecutive days; or
36 (c) as a result of explosion or riot, unless fire ensue, and in
37 that event for loss by fire only.

38 **Other perils** Any other peril to be insured against or sub-
39 **or subjects.** ject of insurance to be covered in this policy
40 shall be by endorsement in writing hereon or
41 added hereto.

42 **Added provisions.** The extent of the application of insurance
43 under this policy and of the contribution to
44 be made by this Company in case of loss, and any other pro-
45 vision or agreement not inconsistent with the provisions of this
46 policy, may be provided for in writing added hereto, but no pro-
47 vision may be waived except such as by the terms of this policy
48 is subject to change.

49 **Waiver** No permission affecting this insurance shall
50 **provisions.** exist, or waiver of any provision be valid,
51 unless granted herein or expressed in writing
52 added hereto. No provision, stipulation or forfeiture shall be
53 held to be waived by any requirement or proceeding on the part
54 of this Company relating to appraisal or to any examination
55 provided for herein.

56 **Cancellation** This policy shall be cancelled at any time
57 **of policy.** at the request of the insured, in which case
58 this Company shall, upon demand and sur-
59 render of this policy, refund the excess of paid premium above
60 the customary short rates for the expired time. This pol-
61 icy may be cancelled at any time by this Company by giving
62 to the insured a five days' written notice of cancellation with
63 or without tender of the excess of paid premium above the pro
64 rata premium for the expired time, which excess, if not ten-
65 dered, shall be refunded on demand. Notice of cancellation shall
66 state that excess premium (if not tendered) will be re-
67 funded on demand.

68 **Mortgagee** If loss hereunder is made payable, in whole
69 **interests and** or in part, to a designated mortgagee not
70 **obligations.** named herein as the insured, such interest in
71 this policy may be cancelled by giving to such
72 mortgagee a ten days' written notice of can-
73 cellation.

74 If the insured fails to render proof of loss such mortgagee, upon
75 notice, shall render proof of loss in the form herein specified
76 within sixty (60) days thereafter and shall be subject to the pro-
77 visions hereof relating to appraisal and time of payment and of
78 bringing suit. If this Company shall claim that no liability ex-
79 isted as to the mortgagor or owner, it shall, to the extent of pay-
80 ment of loss to the mortgagee, be subrogated to all the mort-
81 gagee's rights of recovery, but without impairing mortgagee's
82 right to sue; or it may pay off the mortgage debt and require
83 an assignment thereof and of the mortgage. Other provisions
84 relating to the interests and obligations of such mortgagee may
85 be added hereto by agreement in writing.

86 **Pro rata liability.** This Company shall not be liable for a greater
87 proportion of any loss than the amount
88 hereby insured shall bear to the whole insurance covering the
89 property against the peril involved, whether collectible or not.

90 **Requirements in** The insured shall give immediate written
91 **case loss occurs.** notice to this Company of any loss, protect
92 the property from further damage, forthwith
93 separate the damaged and undamaged personal property, put
94 it in the best possible order, furnish a complete inventory of
95 the destroyed, damaged and undamaged property, showing in
96 detail quantities, costs, actual cash value and amount of loss
97 claimed; **and within sixty days after the loss, unless such time**
98 **is extended in writing by this Company, the insured shall render**
99 **to this Company a proof of loss, signed and sworn to by the**

100 insured, stating the knowledge and belief of the insured as to
101 the following: the time and origin of the loss, the interest of the
102 insured and of all others in the property, the actual cash value of
103 each item thereof and the amount of loss thereto, all encum-
104 brances thereon, all other contracts of insurance, whether valid
105 or not, covering any of said property, any changes in the title,
106 use, occupation, location, possession or exposures of said prop-
107 erty since the issuing of this policy, by whom and for what
108 purpose any building herein described and the several parts
109 thereof were occupied at the time of loss and whether or not it
110 then stood on leased ground, and shall furnish a copy of all the
111 descriptions and schedules in all policies and, if required, verified
112 plans and specifications of any building, fixtures or machinery
113 destroyed or damaged. The insured, as often as may be reason-
114 ably required, shall exhibit to any person designated by the
115 Company all that remains of any property herein described, and
116 submit to examinations under oath by any person named by this
117 Company, and subscribe the same; and, as often as may be
118 reasonably required, shall produce for examination all books of
119 accounts, bills, invoices and other vouchers, or certified copies
120 thereof if originals be lost, at such reasonable time and place as
121 may be designated by this Company or its representative, and
122 shall permit extracts and copies thereof to be made.

123 **Appraisal.** In case the insured and this Company shall
124 fail to agree as to the actual cash value or
125 the amount of loss, then, on the written demand of either, each
126 shall select a competent and disinterested appraiser and notify
127 the other of the appraiser selected within twenty days of such
128 demand. The appraisers shall first select a competent and dis-
129 interested umpire; and failing for fifteen days to agree upon
130 such umpire, then, on request of the insured or this Company,
131 such umpire shall be selected by a judge of a court of record in
132 the state in which the property covered is located. The ap-
133 praisers shall then appraise the loss, stating separately actual
134 cash value and loss to each item; and, failing to agree, shall
135 submit their differences, only, to the umpire. An award in writ-
136 ing, so itemized, of any two when filed with this Company shall
137 determine the amount of actual cash value and loss. Each
138 appraiser shall be paid by the party selecting him and the ex-
139 penses of appraisal and umpire shall be paid by the parties
140 equally.

141 **Company's** It shall be optional with this Company to
142 **options.** take all, or any part, of the property at the
143 agreed or appraised value, and also to re-
144 pair, rebuild or repalce the property destroyed or damaged with
145 other of like kind and quality within a reasonable time, on giv-
146 ing notice of its intention so to do within thirty days after the
147 receipt of the proof of loss herein required.

148 **Abandonment.** There can be no abandonment to this Com-
149 pany of any property.
150 **When loss** The amount of a loss for which this Company
151 **payable.** may be liable shall be payable sixty days
152 after proof of loss, as herein provided, is
153 received by this Company and ascertainment of the loss is made
154 either by agreement between the insured and this Company ex-
155 pressed in writing or by the filing with this Company of an
156 award as herein provided.

157 **Suit.** No suit or action on this policy for the recov-
158 ery of any claim shall be sustainable in any
159 court of law or equity unless all the requirements of this policy
160 shall have been complied with, and unless commenced within
161 three years next after inception of the loss.

162 **Subrogation.** This Company may require from the insured
163 an assignment of all right of recovery against
164 any party for loss to the extent that payment therefor is made
165 by this Company.