Berkshire Hathaway
HOMESTATE COMPANIES
1314 Douglas Street, Suite 1300 · Omaha, NE 68102

June 19, 2026

SOUTHRIDGE ESTATES CONDOMINIUMS ASSOCIATION
C/O HOA SERVICES
607 S 7TH ST
GRAND JUNCTION, CO 81501

Policyholder Name	**SOUTHRIDGE ESTATES CONDOMINIUMS ASSOCIATION**	Claim reporting:
Policy Number	**02PRM165694-01**	**1-800-356-5750**
Billing Account Number	**443773**	24 hours a day
Policy Term	**06/19/2026 12:01 AM to 06/19/2027 12:01 AM**	7 days a week

The above referenced policy has been placed with Berkshire Hathaway Homestate Insurance Company, which has the highest financial strength rating in the insurance industry.

We have enclosed for your records a copy of all policy documents.

We appreciate your business. If you have questions or would like to request changes to the policy, please contact your agent, Knode & Associates LLC.

Regards,

Berkshire Hathaway Homestate Insurance Company

Berkshire Hathaway
HOMESTATE COMPANIES

PO Box 31145 ● Omaha, NE 68131
bhhc.com

Recurring Payments Authorization Form

Billing Services:
1-877-680-2442
7:00 AM-7:00 PM Central Time, Mon-Fri
billing@bhhomestate.com

Insured Name: SOUTHRIDGE ESTATES CONDOMINIUMS ASSOCIATION
Policy/Quote Number: 02PRM165694-01
Agency Name: Knode & Associates LLC

Recurring payments are a convenient and secure option to automatically deduct your insurance payment from your bank account, credit card or debit card on the scheduled due date. When enrolled in recurring payments the installment fee is eliminated, lowering your bill.

Select a Request Type: Enroll in Recurring Payments ☐ Change Recurring Payments Account ☐ Stop Recurring Payments ☐
(only signature and date required)

Name on Account: _____ Account Holder Address: _____

City/State/ZIP: _____ E-mail Address for Receipts: _____

Enroll using a Checking/Savings Account Account Type: Checking Account ☐ Savings Account ☐

Bank Name: _____

Routing Number*: _____ Account Number: _____
**Please note that a routing number has exactly nine digits.*

Enroll using a Credit/Debit Card* Card Type: Visa ☐ Master Card ☐ Discover ☐ American Express ☐

Card Number: _____ Expiration Date: _____
**A nominal transaction and reversal may appear on your statement due to our validation process.*

Please submit this completed form via one of the following methods:

- **FAX** to 1-866-897-2393
- **MAIL** to PO Box 31145, Omaha, NE 68131
- ****E-MAIL WILL NOT BE ACCEPTED****

Please Note: Down payments will not be processed from the information on this form. Down payments may be processed online at the time of binding or by calling Billing Services.

A payment schedule will be mailed to you showing the dates and amounts of your recurring payments. If there is an outstanding bill when you enroll in recurring payments, a one-time payment will be processed on the bill's due date. If a payment date falls on a weekend or holiday, the payment will be drafted on the next business day. Please note that three (3) business days advance notice is required to change or stop recurring payments.

**** I authorize National Indemnity Company on behalf of Berkshire Hathaway Homestate Companies to initiate automatic payments for premium on my insurance policy and its renewals to my bank account, credit card or debit card. This authority shall remain in effect until I revoke it in writing to the address above, by fax to 1-866-897-2393 or by calling Billing Services. I authorize my financial institution to debit the above designated bank account, credit card or debit card, and understand that I will receive advance notice of any increase in payments which result from endorsements to or renewal of my policy.****

AUTHORIZED SIGNATURE: _____ Date: _____

IMPORTANT NOTICE:
PROTECTIVE SAFEGUARDS CONDITION

Your policy has protective safeguards.

Protective Safeguards for devices or services, such as alarms and sprinklers, must be maintained in complete working order.
Otherwise, there may not be coverage in the event of a loss.

Please refer to the below endorsement(s) to see how your coverage is limited:

CP 0411 PROTECTIVE SAFEGUARDS

**This is only a notice of your coverage and does not amend, extend or alter the coverages or any other provisions contained in your policy. The language in your policy controls your legal rights and obligations. In the event of a conflict between the policy and this notice, policy provisions prevail.

BERKSHIRE HATHAWAY HOMESTATE INSURANCE COMPANY

1314 DOUGLAS ST, SUITE 1300
OMAHA, NE 68102
(402) 393-7255

A STOCK COMPANY

Report ALL Claims To:

1-800-356-5750

24 Hour **Toll Free**

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

President

Secretary

THESE POLICY PROVISIONS WITH THE DECLARATIONS PAGES, COVERAGE FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THIS POLICY. THIS POLICY IS A LEGAL CONTRACT BETWEEN THE POLICY OWNER AND THE COMPANY.

PLEASE READ YOUR POLICY CAREFULLY

Berkshire Hathaway Homestate Insurance Company

COMMERCIAL LINES POLICY
COMMON POLICY DECLARATIONS

Policy Number: 02PRM165694-01

Named Insured and Mailing Address:
SOUTHRIDGE ESTATES CONDOMINIUMS ASSOCIATION
C/O HOA SERVICES
607 S 7TH ST
GRAND JUNCTION, CO 81501

Producing Agent: H10699
Knode & Associates LLC
PO Box 40
Palisade, CO 81526

Policy Period: From: 06/19/2026 To: 06/19/2027 at 12:01 A.M., Standard Time at your mailing address shown above.
Business Description: CONDOMINIUM ASSOCIATION

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

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	$ 9,926
Commercial General Liability Coverage Part	$
Commercial Crime Coverage Part	$
Commercial Inland Marine Coverage Part	$
Commercial Automobile Coverage Part	$
Workers Compensation	$
Businessowners	$
Contractors Package/Motel/Lessor's Risk Only	$
Umbrella	$
Errors and Omissions	$
Terrorism Coverage "Certified Acts"	$
Annual Premium (may include balance to meet minimum premium)	$ 9,926

FORM(S) AND ENDORSEMENTS(S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE:*
Refer To Form Schedule

*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations.

Countersignature Date

Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMON POLICY FORMS SCHEDULE

Form Number	Edition Date	Form Title
ILM0314	9/2021	BERKSHIRE HATHAWAY HOMESTATE COMPANIES
CD24	7/2003	COMMON POLICY DECLARATIONS
ILS 0001	5/2013	COMMON POLICY FORMS SCHEDULE
ILB 0017	6/2015	COMMON POLICY CONDITIONS
ILB0285	5/2013	MINIMUM EARNED PREMIUM
ILB 5821	8/2015	EXCLUSION FOR WAR, NUCLEAR RISK (INCLUDING RADIOACTIVE), AND BIOLOGICAL RISK (INCLUDING CHEMICAL)
M 5872	9/2020	CHANGES TO COMMON POLICY CONDITIONS - CANCELLATION
M 5748	10/2013	SANCTION EXCLUSION
IL 0228	9/2007	COLORADO CHANGES - CANCELLATION AND NONRENEWAL

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

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

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

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MINIMUM EARNED PREMIUM

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART

Minimum Earned Premium Percentage **25 %** (25% if left blank)

Paragraph **A.5.** of the **Cancellation** Common Policy Condition is deleted in its entirety and replaced with the following:

A. Cancellation

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 insured cancels, the refund may be less than pro rata. It is agreed, in the event the policy cancels at the request of the insured or due to non-payment of premium, the minimum premium total retained by the company (minimum earned) will be not less than the Minimum Earned Premium Percentage of the total policy premium as of the inception date of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION FOR WAR, NUCLEAR RISK (INCLUDING RADIOACTIVE), AND BIOLOGICAL RISK (INCLUDING CHEMICAL)

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
ERRORS & OMISSIONS COVERAGE PART
LAW ENFORCEMENT WRONGFUL ACTS COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART

Notwithstanding any other provision of this Policy, this insurance does not apply to any loss or damages directly or indirectly arising out of, caused by, or resulting from "war", "nuclear risk " (including radioactive), or "biological risk" (including chemical). Such loss or damage is excluded regardless of (i) whether any other cause or event contributed to such loss or damage in any way or at any time or (ii) whether such loss or damage is accidental or intentional. "War" is defined as a declared, undeclared, or civil war or any act or condition incident to war; 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 insurrection, rebellion, revolution, or usurped power or action taken by governmental authority in hindering or defending against any of these. "Nuclear risk" is defined as nuclear detonation, reaction, or radiation or radioactive contamination. "Biological risk" is defined as the intentional release of or exposure to biological, chemical, or germ agents or disease or intentional contamination or infection of any food source or supply, water source or supply, air supply, or atmosphere.

In any proceeding seeking coverage under this Policy, the person seeking coverage shall have the burden of proving that the claim or "suit" is not excluded under this Endorsement.

All other terms, conditions and agreements of the policy remain unchanged.

Company Name Berkshire Hathaway Homestate Insurance Company	Policy Number 02PRM165694-01 Endorsement Effective
Named Insured SOUTHRIDGE ESTATES CONDOMINIUMS ASSOC	Countersigned by (Authorized Representative)

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLORADO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

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

2. 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:

a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

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

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

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

a. If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy by mailing through first-class mail to the first Named Insured written notice of cancellation:

(1) Including the actual reason, at least 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or

(2) At least 45 days before the effective date of cancellation if we cancel for any other reason.

We may only cancel this policy based on one or more of the following reasons:

(1) Nonpayment of premium;

(2) A false statement knowingly made by the insured on the application for insurance; or

(3) A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

C. The following is added and supersedes any other provision to the contrary:

NONRENEWAL

If we decide not to renew this policy, we will mail through first-class mail to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 45 days before the expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

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D. The following condition is added:

INCREASE IN PREMIUM OR DECREASE IN COVERAGE

We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this policy unless we mail through first-class mail written notice of our intention, including the actual reason, to the first Named Insured's last mailing address known to us, at least 45 days before the effective date.

Any decrease in coverage during the policy term must be based on one or more of the following reasons:

1. Nonpayment of premium;

2. A false statement knowingly made by the insured on the application for insurance; or

3. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

If notice is mailed, proof of mailing will be sufficient proof of notice.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SANCTION EXCLUSION

The provisions of the Coverage Form apply unless modified by this endorsement.

Whenever coverage provided by this policy would be in violation of any U.S. economic trade sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void.

Similarly, any coverage relating to or referred to in any certificates or other evidences of insurance or any claim that would be in violation of U.S. economic or trade sanctions as described above shall also be null and void.

This endorsement changes the policy effective on the inception date of the policy unless another date is shown below. All other terms, conditions and agreements of the policy remain unchanged.

Company Name Berkshire Hathaway Homestate Insurance Company	Policy Number 02PRM165694-01 Endorsement Effective
Named Insured SOUTHRIDGE ESTATES CONDOMINIUMS ASSOCI	Countersigned by (Authorized Representative)

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGES TO COMMON POLICY CONDITIONS – CANCELLATION

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
CARGO COVERAGE FORM
GARAGE COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE FORM
COMMERCIAL PROPERTY COVERAGE PART

The following are added to Paragraph **A.1. Cancellation** of the Common Policy Conditions:

a. If you granted a power of attorney to a finance company to obtain financing for the policy and that finance company provides us a written notice of cancellation or request to cancel, we will then cancel the policy as of the date either

(1) specified in the notice or request, or

(2) required under any applicable statute, regulation, or other policy provision,

whichever is latest.

b. If we filed proof of insurance on your behalf to a government agency, the law may require advance notice of cancellation to that agency. The date of cancellation will be extended as needed to comply.

All other terms, conditions and agreements remain unchanged.

Company Name	Policy Number
Berkshire Hathaway Homestate Insurance Company	02PRM165694-01
	Endorsement Effective 06/19/2026 12:01 AM
Named Insured SOUTHRIDGE ESTATES CONDOMINIUMS ASSOCI	Countersigned at By

(Authorized Representative)

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

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Agency Name: Knode & Associates LLC **Agency Number:** H10699

DESCRIPTION OF PREMISES

Premises Number: 1 **Building Number:** 1

Building Description: PRIMARY BUILDING

Address: 109 ANNA CT 5A-6F, GRAND JUNCTION, CO 81503

Protection Class: 4 **Construction:** Frame/Brick Veneer

Occupancy: 0331 CONDOMINIUMS RESIDENTIAL MORE THAN 4 UNITS

COVERAGES PROVIDED

Insurance at the above described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made.

Coverage	Limit Of Insurance	Coinsurance	Covered Causes Of Loss	Deductible	Premium
Business Income and Extra Expense	$18,720	80%	SPECIAL INCL THEFT		$58
Building	$1,600,627	80%	SPECIAL INCL THEFT	$5,000	$4,905

OPTIONAL COVERAGES

Coverage	Agreed Value		Replacement Cost (X)	Inflation Guard (%)
	Amount	Expiration Date		
Building			X	

OPTIONAL BUSINESS INCOME COVERAGES

Agreed Value		Monthly Limit Of Indemnity (Fraction)	Maximum Period Of Indemnity (X)	Extended Period Of Indemnity (Days)
Amount	Expiration Date			

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Agency Name: Knode & Associates LLC **Agency Number:** H10699

DESCRIPTION OF PREMISES

Premises Number: 2 **Building Number:** 1

Building Description: PRIMARY BUILDING

Address: 109 ANNA CT 7A-8F, GRAND JUNCTION, CO 81503

Protection Class: 4 **Construction:** Frame/Brick Veneer

Occupancy: 0331 CONDOMINIUMS RESIDENTIAL MORE THAN 4 UNITS

COVERAGES PROVIDED

Insurance at the above described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made.

Coverage	Limit Of Insurance	Coinsurance	Covered Causes Of Loss	Deductible	Premium
Building	$1,600,627	80%	SPECIAL INCL THEFT	$5,000	$4,905
Business Income and Extra Expense	$18,720	80%	SPECIAL INCL THEFT		$58

OPTIONAL COVERAGES

Coverage	Agreed Value		Replacement Cost (X)	Inflation Guard (%)
	Amount	Expiration Date		
Building			X	

OPTIONAL BUSINESS INCOME COVERAGES

Agreed Value		Monthly Limit Of Indemnity (Fraction)	Maximum Period Of Indemnity (X)	Extended Period Of Indemnity (Days)
Amount	Expiration Date			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY COVERAGE PART
FORMS SCHEDULE

Form Number	Edition Date	Form Title
CPD 0001	4/2013	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
CPS 0001	5/2013	COMMERCIAL PROPERTY COVERAGE PART FORMS SCHEDULE
CP 0010	6/2007	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CPM2030	6/2011	BUSINESS OR RENTAL INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CP 1030	6/2007	CAUSES OF LOSS - SPECIAL FORM
CPB 9010	9/2019	MORTGAGEHOLDER CANCELLATION NOTICE
IL 0169	9/2007	COLORADO CHANGES - CONCEALMENT, MISREPRESENTATION OR FRAUD
CP 0090	7/1988	COMMERCIAL PROPERTY CONDITIONS
CP 0140	7/2006	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP 0411	10/2012	PROTECTIVE SAFEGUARDS
CP 1032	8/2008	WATER EXCLUSION ENDORSEMENT
CP 1075	12/2020	CYBER INCIDENT EXCLUSION
CPB 1244	7/2023	ACTUAL CASH VALUE ENDORSEMENT
CPB 1425	4/2024	DETACHED STRUCTURES CLARIFICATION ENDORSEMENT
CPB 1805	1/2020	APPRAISAL CONDITION
CPB 2001	7/2025	EXCLUSION - NAMED CONSTRUCTION MATERIALS AND INCREASED COST ASSOCIATED WITH ASBESTOS
CPB 2002	5/2019	EXCLUSION - EVICTION
CPB 2026	11/2017	EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT
CPB 4032	4/2023	EXCLUSION - PFAS (PERFLUOROALKYL AND POLYFLUOROALKYL SUBSTANCES)
CPB 5111	4/2025	EXCLUSION - COSMETIC LOSS TO ROOFS AND/OR METAL COVERINGS CAUSED BY WIND, HAIL, OR WIND-BLOWN DEBRIS
CPM 1110	1/2025	MULTIPLE CAUSES OF LOSS DEDUCTIBLE FORM
CPM 9903	7/2015	EXCLUSION - MAJOR RENOVATIONS
CPM0002	8/2012	PROPERTY EXTENSIONS
CPM1121	9/2012	PER BUILDING DEDUCTIBLE - NO AGGREGATE
IL 0935	7/2002	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL 0953	1/2015	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
IL 0995	1/2007	CONDITIONAL EXCLUSION OF TERRORISM

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

(1) Completed additions;

(2) Fixtures, including outdoor fixtures;

(3) Permanently installed:

(a) Machinery and

(b) Equipment;

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

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(5) If not covered by other insurance:

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

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

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation Of Coverage form:

(1) Furniture and fixtures;

(2) Machinery and equipment;

(3) "Stock";

(4) All other personal property owned by you and used in your business;

(5) Labor, materials or services furnished or arranged by you on personal property of others;

(6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(a) Made a part of the building or structure you occupy but do not own; and

(b) You acquired or made at your expense but cannot legally remove;

(7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

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c. Personal Property Of Others that is:

(1) In your care, custody or control; and

(2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

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

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;

b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

c. Automobiles held for sale;

d. Bridges, roadways, walks, patios or other paved surfaces;

e. Contraband, or property in the course of illegal transportation or trade;

f. The cost of excavations, grading, backfilling or filling;

g. Foundations of buildings, structures, machinery or boilers if their foundations are below:

(1) The lowest basement floor; or

(2) The surface of the ground, if there is no basement;

h. Land (including land on which the property is located), water, growing crops or lawns;

i. Personal property while airborne or waterborne;

j. Bulkheads, pilings, piers, wharves or docks;

k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

l. Retaining walls that are not part of a building;

m. Underground pipes, flues or drains;

n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, **n.,** does not apply to your "stock" of prepackaged software;

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

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

(1) Are licensed for use on public roads; or

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

This paragraph does not apply to:

(a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

(b) Vehicles or self-propelled machines, other than autos, you hold for sale;

(c) Rowboats or canoes out of water at the described premises; or

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

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q. The following property while outside of buildings:

(1) Grain, hay, straw or other crops;

(2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Debris Removal

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

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

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

(b) Remove, restore or replace polluted land or water.

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

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

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

(4) We will pay up to an additional $10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

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

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

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus $10,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

Limit of Insurance:	$ 90,000
Amount of Deductible:	$ 500
Amount of Loss:	$ 50,000
Amount of Loss Payable:	$ 49,500
	($50,000 – $500)
Debris Removal Expense:	$ 10,000
Debris Removal Expense Payable:	$ 10,000

($10,000 is 20% of $50,000.)

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

EXAMPLE #2

Limit of Insurance:	$ 90,000
Amount of Deductible:	$ 500
Amount of Loss:	$ 80,000
Amount of Loss Payable:	$ 79,500
	($80,000 – $500)
Debris Removal Expense:	$ 30,000
Debris Removal Expense Payable	
Basic Amount:	$ 10,500
Additional Amount:	$ 10,000

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

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($30,000) exceeds 25% of the loss payable plus the deductible ($30,000 is 37.5% of $80,000), and because the sum of the loss payable and debris removal expense ($79,500 + $30,000 = $109,500) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $10,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $20,500; $9,500 of the debris removal expense is not covered.

b. Preservation Of Property

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

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $1,000, unless a higher limit is shown in the Declarations, 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.

d. Pollutant Clean-up And Removal

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

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

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

e. Increased Cost Of Construction

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

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

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

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

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

(b) You failed to comply with.

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

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

(b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

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

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

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

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

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

(b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.

(c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.

(8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

(9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

(1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.

(2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

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(3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

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

(b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.

(c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

(d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

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

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

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

(2) Your Business Personal Property

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

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

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

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

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

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(b) This Extension does not apply to:

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

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

(3) Period Of Coverage

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

(a) This policy expires;

(b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

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

b. Personal Effects And Property Of Others

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

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

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

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

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

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

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

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

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

d. Property Off-premises

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

(a) Temporarily at a location you do not own, lease or operate;

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

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

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(2) This Extension does not apply to property:

(a) In or on a vehicle; or

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

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

e. Outdoor Property

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

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

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

f. Non-owned Detached Trailers

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

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

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

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

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is $5,000, unless a higher limit is shown in the Declarations.

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

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

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

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

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

1. Fire Department Service Charge;

2. Pollutant Clean-up And Removal;

3. Increased Cost Of Construction; and

4. Electronic Data.

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

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D. Deductible

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

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

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

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

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

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

$ 60,100
– 250
$ 59,850 Loss Payable – Building #1

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

Total amount of loss payable:

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

EXAMPLE #2

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

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

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

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3. Duties In The Event Of Loss Or Damage

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

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

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

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

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

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

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

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

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

4. Loss Payment

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

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

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

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

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

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

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

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

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

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

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

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

(2) An appraisal award has been made.

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

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

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

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

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

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

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

b. Vacancy Provisions

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

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

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

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

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

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in **b., c., d.** and **e.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is $2,500 or less, we will pay the cost of building repairs or replacement.

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

However, the following property will be valued at the actual cash value even when attached to the building:

(1) Awnings or floor coverings;

(2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

(3) Outdoor equipment or furniture.

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

d. Glass at the cost of replacement with safety-glazing material if required by law.

e. Tenants' Improvements and Betterments at:

(1) Actual cash value of the lost or damaged property if you make repairs promptly.

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

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

(b) Divide the amount determined in **(a)** above by the number of days from the installation of improvements to the expiration of the lease.

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

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

F. Additional Conditions

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

1. Coinsurance

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

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

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

(1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;

(2) Divide the Limit of Insurance of the property by the figure determined in Step **(1);**

(3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step **(2);** and

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

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

EXAMPLE #1 (UNDERINSURANCE)

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

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

Step **(2):** $100,000 ‰ $200,000 = .50

Step **(3):** $40,000 x .50 = $20,000

Step **(4):** $20,000 – $250 = $19,750

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

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EXAMPLE #2 (ADEQUATE INSURANCE)

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

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

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

EXAMPLE #3

When:	The value of the property is:	
	Building at Location #1:	$ 75,000
	Building at Location #2:	$ 100,000
	Personal Property at Location #2:	$ 75,000
		$ 250,000
	The Coinsurance percentage for it is:	90%
	The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is:	$ 180,000
	The Deductible is:	$ 1,000
	The amount of loss is:	
	Building at Location #2:	$ 30,000
	Personal Property at Location #2:	$ 20,000
		$ 50,000

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

Step **(2):** $180,000 ÷ $225,000 = .80

Step **(3):** $50,000 x .80 = $40,000

Step **(4):** $40,000 – $1,000 = $39,000

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

2. Mortgageholders

a. The term mortgageholder includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

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

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

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

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

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

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

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g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

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

1. Agreed Value

a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

c. The terms of this Optional Coverage apply only to loss or damage that occurs:

(1) On or after the effective date of this Optional Coverage; and

(2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.

b. The amount of increase will be:

(1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

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

EXAMPLE

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

3. Replacement Cost

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

b. This Optional Coverage does not apply to:

(1) Personal property of others;

(2) Contents of a residence;

(3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

(4) "Stock", unless the Including "Stock" option is shown in the Declarations.

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

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

d. We will not pay on a replacement cost basis for any loss or damage:

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

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

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With respect to tenants' improvements and betterments, the following also apply:

(3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and

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

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

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

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

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

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

4. Extension Of Replacement Cost To Personal Property Of Others

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

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

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

H. Definitions

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

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

3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

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BUSINESS OR RENTAL INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

We will pay for the actual loss of Business or Rental 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 Covered Property under this policy at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

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

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

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

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or “rental value”;

b. Continuing normal operating expenses incurred; and

c. “Ordinary payroll expenses.” But in no event will we pay “ordinary payroll expenses” for more than 90 days following the date of direct physical loss or damage.

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

2. Rental Income

Rental Income means the:

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

b. Continuing normal operating expenses incurred; and

c. “Ordinary payroll expenses.” But in no event will we pay “ordinary payroll expenses” for more than 90 days following the date of direct physical loss or damage.

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Extra Expense

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

(1) We will pay any Extra Expense 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) We will pay any Extra Expense to minimize the "suspension" of business if you cannot continue "operations".

(3) We will pay any Extra Expense to:

(a) Repair or replace any property; or

(b) 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 Coverage Form.

b. Civil Authority

We will pay for the actual loss of Business or Rental Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage for Business or Rental Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

(1) 3 consecutive weeks after the time of that action; or

(2) When your Business or Rental Income coverage ends;

whichever is later.

c. Alterations And New Buildings

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

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

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

d. Extended Business or Rental Income

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

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

(2) Ends on the earlier of:

(a) The date you could restore your "operations", with reasonable speed, to the level which would generate the business or rental income amount that would have existed if no direct physical loss or damage had occurred; or

(b) 30 consecutive days after the date determined in **(1)** above.

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

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

5. Coverage Extension

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

Newly Acquired Locations

a. You may extend your Business or Rental Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.

b. The most we will pay under this Extension, for the sum of Business or Rental Income loss and Extra Expense incurred, is $100,000 at each location.

c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

(1) This policy expires;

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

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

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

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

1. Alterations and New Buildings;

2. Civil Authority;

3. Extra Expense; or

4. Extended Business or Rental Income.

D. Loss Conditions

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

1. Appraisal

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

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

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

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

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

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

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

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

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

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

3. Limitation – Electronic Media And Records

We will not pay for any loss of Business or Rental 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.

This limitation does not apply to Extra Expense.

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 or Rental 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 or Rental Income loss sustained during the period August 1 – September 29 (60 consecutive days). Loss during the period September 30 – October 15 is not covered.

4. Loss Determination

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

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

(2) The likely Net Income of the business or tenancy if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

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

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

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

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

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

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

(2) All necessary expenses that reduce the Business or Rental Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business or Rental 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.

5. Loss Payment

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

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Additional Condition

Coinsurance

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

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

a. The Coinsurance percentage shown for Business Income in the Declarations; times

b. The sum of:

(1) The Net Income (Net Profit or Loss before income taxes), and

(2) Operating expenses, including payroll expenses,

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

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

1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

2. Divide the Limit of Insurance for the described premises by the figure determined in Step **1.;** and

3. Multiply the total amount of loss by the figure determined in Step **2.**

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

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

1. Prepaid freight – outgoing;

2. Returns and allowances;

3. Discounts;

4. Bad debts;

5. Collection expenses;

6. Cost of raw stock and factory supplies consumed (including transportation charges);

7. Cost of merchandise sold (including transportation charges);

8. Cost of other supplies consumed (including transportation charges);

9. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;

10. Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);

11. All ordinary payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and

12. Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example No. 1 (Underinsurance):

When:	The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been	$	400,000
	The Coinsurance percentage is		50%
	The Limit of Insurance is	$	150,000
	The amount of loss is	$	80,000
Step **1:**	$400,000 x 50% = $200,000		
	(the minimum amount of insurance to meet your Coinsurance requirements)		
Step **2:**	$150,000 ÷ $200,000 = .75		
Step **3:**	$80,000 x .75 = $60,000		

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

Example No. 2 (Adequate Insurance):

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

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

This condition does not apply to the Extra Expense Additional Coverage.

F. Optional Coverages

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

1. Maximum Period Of Indemnity

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

b. The most we will pay for the total of Business or Rental Income loss and Extra Expense is the lesser of:

(1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

(2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

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

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

(1) The Limit of Insurance, multiplied by

(2) The fraction shown in the Declarations for this Optional Coverage.

Example:

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is:	
	$120,000 x 1/4 = $30,000	
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	20,000
	Days 61-90	30,000
		$ 90,000

We will pay:	
Days 1-30	$ 30,000
Days 31-60	20,000
Days 61-90	30,000
	$ 80,000

The remaining $10,000 is not covered.

3. Business or Rental Income Agreed Value

a. To activate this Optional Coverage:

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

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

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

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

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

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

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

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

(2) The expiration date of this policy;

whichever occurs first.

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

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

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

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

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

(2) The Agreed Value.

Example:

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

Step **(a):** $100,000 ÷ $200,000 = .50

Step **(b):** .50 x $80,000 = $40,000

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

4. Extended Period Of Indemnity

Under Paragraph **A.3.d.,** Extended Business or Rental Income, the number "30" in Subparagraphs **(1)(b)** and **(2)(b)** is replaced by the number shown in the Declarations for this Optional Coverage.

G. Definitions

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

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

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

2. "Operations" means :

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, but only with respect to Rental Income.

3. “Ordinary payroll expenses” means payroll expenses for all your employees except:

a. Officers;

b. Executives;

c. Department managers;

d. Employees under contract; and

e. Additional Exemptions, shown in the Schedule or in the Declarations as:

(1) Job Classification; or

(2) Employees.

“Ordinary payroll expenses” include:

a. Payroll;

b. Employee benefits, if directly related to payroll;

c. FICA payments you pay;

d. Union dues you pay; and

e. Worker’s compensation premiums.

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

a. Begins:

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

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

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

b. Ends on the earlier of:

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

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

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

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

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

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

5. "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.

6. "Suspension" means the slowdown or cessation of your business activities. For purposes of Rental Income, “suspension” means that a part or all of the described premises is rendered untenantable.

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.,** Exclusions; or

2. Limited in Section **C.,** Limitations;

that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

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

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

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

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

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

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

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d. Nuclear Hazard

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

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

e. Utility Services

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

(1) Originates away from the described premises; or

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

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

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

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

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

f. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

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

g. Water

(1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

(2) Mudslide or mudflow;

(3) Water that backs up or overflows from a sewer, drain or sump; or

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

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

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

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

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

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

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

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

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

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

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

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

(a) Electrical current, including arcing;

(b) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(c) Pulse of electromagnetic energy; or

(d) Electromagnetic waves or microwaves.

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

b. Delay, loss of use or loss of market.

c. Smoke, vapor or gas from agricultural smudging or industrial operations.

d. (1) Wear and tear;

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

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

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

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

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

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

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

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

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

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

j. Rain, snow, ice or sleet to personal property in the open.

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k. Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

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

This exclusion, **k.,** does not apply:

(a) To the extent that coverage is provided under the Additional Coverage – Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

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

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

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

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

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

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

c. Faulty, inadequate or defective:

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

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

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

(4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

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

We will not pay for:

(1) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

(b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

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

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

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

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(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

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

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

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

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

(a) Your cancelling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

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

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

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

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

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

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

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

(a) Contractual Liability

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

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

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

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

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

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C. Limitations

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

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

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

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

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

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

However, this limitation does not apply to:

(1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

(2) Business Income Coverage or Extra Expense Coverage.

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

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

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

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

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

However, this limitation does not apply:

(1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

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

a. $2,500 for furs, fur garments and garments trimmed with fur.

b. $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.

c. $2,500 for patterns, dies, molds and forms.

d. $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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

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

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

   a. Results in discharge of any substance from an automatic fire protection system; or

   b. Is directly caused by freezing.

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

D. Additional Coverage – Collapse

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

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

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

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

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

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

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

      (1) A cause of loss listed in **2.a.** or **2.b.;**

      (2) One or more of the "specified causes of loss";

      (3) Breakage of building glass;

      (4) Weight of people or personal property; or

      (5) Weight of rain that collects on a roof.

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

   a. A building or any part of a building that is in danger of falling down or caving in;

   b. A part of a building that is standing, even if it has separated from another part of the building; or

   c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

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

   b. Awnings, gutters and downspouts;

   c. Yard fixtures;

   d. Outdoor swimming pools;

   e. Fences;

   f. Piers, wharves and docks;

   g. Beach or diving platforms or appurtenances;

   h. Retaining walls; and

   i. Walks, roadways and other paved surfaces;

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

      (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

      (2) The property is Covered Property under this Coverage Form.

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

   a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

   b. The personal property which collapses is inside a building; and

   c. The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

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

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

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

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

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

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes 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.

   a. A "specified cause of loss" other than fire or lightning; or

   b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

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

   a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

   b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

   c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

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

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

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

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

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

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a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

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

a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

b. Loss or damage must be caused by or result from one of the following causes of loss:

(1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.

(2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.

(3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

c. The most we will pay for loss or damage under this Extension is $5,000.

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

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

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

3. Glass

a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

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

G. Definitions

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

2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

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

(1) Personal property in the open; or

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

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MORTGAGEHOLDER CANCELLATION CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE FORM
VACANT BUILDING PROPERTY COVERAGE FORM

Section F. Additional Conditions, Subsection 2. Mortgageholders, section f. is replaced by the following:

f. If we cancel this policy, we will mail or deliver written notice of cancellation to the Mortgageholder at the same time we mail or deliver written notice of cancellation to the first Named Insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLORADO CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

The **CONCEALMENT, MISREPRESENTATION OR FRAUD** Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or

2. Fraud;

committed by you or any other insured ("insured") at any time and relating to coverage under this policy.

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COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

1. This Coverage Part;

2. The Covered Property;

3. Your interest in the Covered Property; or

4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:

a. During the policy period shown in the Declarations; and

b. Within the coverage territory.

2. The coverage territory is:

a. The United States of America (including its territories and possessions);

b. Puerto Rico; and

c. Canada.

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I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

1. Prior to a loss to your Covered Property or Covered Income.

2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:

a. Someone insured by this insurance;

b. A business firm:

(1) Owned or controlled by you; or

(2) That owns or controls you; or

c. Your tenant.

This will not restrict your insurance.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.

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

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.

C. With respect to any loss or damage subject to the exclusion in Paragraph **B.,** such exclusion supersedes any exclusion relating to "pollutants".

D. The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:

1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and

2. Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.

E. The terms of the exclusion in Paragraph **B.,** or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Protective Safeguards Symbols Applicable
1	1	P-9e
2	1	P-9e

Describe Any "P-9":

"P-9" e. Grills: gas or charcoal grills or fire pits, or similar devices, used for cooking, heating, or any other purpose must not be utilized within 10 feet of any structure, including but not limited to balconies or decks, or under any overhanging portion of any structure."

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

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

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.

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

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

a. Any automatic fire protective or extinguishing system, including connected:
(1) Sprinklers and discharge nozzles;
(2) Ducts, pipes, valves and fittings;
(3) Tanks, their component parts and supports; and
(4) Pumps and private fire protection mains.

b. When supplied from an automatic fire protective system:
(1) Non-automatic fire protective systems; and
(2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:
a. Connected to a central station; or
b. Reporting to a public or private fire alarm station.

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

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

"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking appliances and having the following components:
a. Hood:
b. Grease removal device;
c. Duct system; and
d. Wet chemical fire extinguishing equipment.

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

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

Causes Of Loss – Basic Form
Causes Of Loss – Broad Form
Causes Of Loss – Special Form
Mortgageholders Errors And Omissions Coverage Form
Standard Property Policy

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. The exclusion in Paragraph **B.** replaces the **Water** Exclusion in this Coverage Part or Policy.

B. Water

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

2. Mudslide or mudflow;

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

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

a. Foundations, walls, floors or paved surfaces;

b. Basements, whether paved or not; or

c. Doors, windows or other openings; or

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

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

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER INCIDENT EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. The following exclusion is added to Paragraph **B. Exclusions:**

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

Cyber Incident

1. Unauthorized access to or use of any computer system (including electronic data).

2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including electronic data) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including electronic data) or otherwise disrupt its normal functioning or operation.

3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

B. Exceptions And Limitations

1. Fire Or Explosion

If a cyber incident as described in Paragraphs **A.1.** through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

2. Additional Coverage

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:

a. Additional Coverage – Electronic Data; or

b. Additional Coverage – Interruption Of Computer Operations.

3. Electronic Commerce Endorsement

The exclusion in Paragraph **A.** does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

C. Vandalism

The following is added to Vandalism, if Vandalism coverage is not otherwise excluded under the Standard Property Policy or the Causes Of Loss – Basic, Broad or Special Forms and if applicable to the premises described in the Declarations:

Vandalism does not include a cyber incident as described in Paragraph **A.**

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following is added to any provision which uses the term actual cash value and replaces any other definition of actual cash value in the policy:

The term actual cash value means the estimated cost to repair, rebuild or replace Covered Property as of the time of loss or damage less a deduction for depreciation.

The term depreciation means a decrease in value of the Covered Property prior to the loss or damage due to factors including, but not limited to:

1. Condition;
2. Wear and tear;
3. Deterioration;
4. Pre-loss damage;
5. Obsolescence;
6. Age; or
7. Reduction in useful life.

All costs necessary to repair, rebuild or replace Covered Property, including labor costs, are subject to a deduction for depreciation.

This endorsement applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

All other terms, conditions and agreements of the policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DETACHED STRUCTURES CLARIFICATION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

Detached structures, including but not limited to detached garages, sheds, and barns which are not scheduled on the Declarations, are not covered under this policy.

All other terms, conditions and agreements of the policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

APPRAISAL CONDITION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The APPRAISAL Condition is replaced by the following:

APPRAISAL.

A. If you and we fail to agree on the amount of loss, or the actual cash value or the costs of repair or replacement of covered loss, either one may make a written demand for appraisal. Only you or we may demand appraisal.

B. Each party will select a competent, disinterested, impartial, and independent appraiser and notify the other party of the appraiser's identity within 20 days of receipt of the written demand for appraisal.
   1. No person or entity which has been retained under a contingency agreement, including but not limited to any agreement under which the appraiser or umpire receives a percentage of the appraisal award, is paid an hourly fee capped at a percentage of the appraisal award, or is paid a percentage of the award capped at a specific amount may serve as an appraiser or umpire. Upon the request of one party, the other party must produce a copy of any agreement under which that party's appraiser or the umpire has been retained.
   2. No person or entity which has performed any function or service for either party, whether for remuneration or not, as respects the particular loss claimed under this policy may serve as an appraiser or the umpire

C. The appraisers will then attempt to determine the amount of loss. With specificity the written report of agreement will:
   1. Describe each item or category of property being appraised;
   2. Unless directed otherwise by mutual agreement of the parties, estimate the following for each item or category of property:
      a. Costs of repair or replacement;
      b. Amount of depreciation and/or obsolescence, not including labor;
      c. Amount of depreciation and/or obsolescence of labor; and
      d. Market value.

D. If the two appraisers fail to agree upon the amount of the loss within 30 days, unless the period of time is extended by mutual agreement, they will select a competent, disinterested, impartial, and independent umpire and will submit their differences to the umpire. If the appraisers cannot agree upon an umpire within 15 days, you or we can ask a judge of a state or federal court of record in the state or federal judicial district where the property is located to choose an umpire.

E. A written appraisal agreement completed in accordance with sub-paragraph C.1. and C.2. above and signed by any two (appraisers or appraiser and umpire) will set the amount of loss of each item or category of property and will be binding upon you and us as to the value of the items appraised.

F. Each party will pay the appraiser it chooses. The umpire and all other expenses of the appraisal will be paid equally by you and us.

G. Appraisal is only available to determine the amount of the loss of each item in dispute. Interpretations of this policy may not be determined under this provision, including by way of example but not limited to:
   1. Any other questions of fact;
   2. Questions of law;
   3. Questions of coverage;
   4. The cause of loss;
   5. When loss occurred;
   6. Other contractual issues; or
   7. To conduct appraisal on a class-wide basis.

H. Appraisal is a non-judicial proceeding and does not provide for or require arbitration. Neither party will be awarded attorney fees. The appraisal award may not be entered as a judgment in a court but may be used only to establish the amount of loss otherwise determined to be covered under the Policy.

I. A party may not demand appraisal after that party brings suit or action against the other party relating to the amount of the loss.

If there is an appraisal award, we reserve all rights under the Policy, including the right to deny your claim.

All other policy provisions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – NAMED CONSTRUCTION MATERIALS AND INCREASED COST ASSOCIATED WITH ASBESTOS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. We will not pay for loss or damage caused directly or indirectly by or which arises out of or is related to, in any way or to any extent, the presence of:

1. Aluminum wiring;
2. Knob and tube wiring;
3. Polybutylene piping; or
4. Bulldog/Pushmatic, Challenger, Federal Pacific Electric Stab-Lok, or Zinsco electrical panels or circuit breakers.

B. Covered Property does not include:

1. Property listed in A, above;
2. Asbestos siding;
3. Asbestos shingles;
4. Atlas Chalet shingles;
5. T-lock shingles; or
6. Liquid material that expands into a foam after being sprayed, including, but not limited to, Spray Polyurethane Foam or similar fluid applied roofing.

C. With regard to any materials containing asbestos, including those listed in B. above, we will not pay for the increased cost associated with the repair, removal, replacement, testing, mitigation, abatement, or disposal of asbestos.

D. With regard to the material listed in B.6. above, we will not pay for any costs resulting from the direct physical loss of or damage to this material, including costs associated with the repair, removal, replacement, or disposal of this material nor any building materials underneath or above such material used in securing, repairing, or replacing the roof, including, but not limited to, membrane, cladding, metal or synthetic sheeting, framing, insulation, decking, flashing, or similar materials.

All other terms, conditions and agreements remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – EVICTION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. We will not pay for damage caused by, contributed to, assisted by, or as a result of any intentional acts by the tenant including, but not limited to, vandalism, arson, violence, theft, or malicious mischief occurring during the time period beginning with notice of commencement of an “eviction” process against the tenant and ending 30 days after the tenant vacates the premises.

B. For the purpose of this exclusion, “eviction” is the removal of a tenant from the premises in which he or she resides either by reentry upon the premises or through court action.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN ENHANCEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
VACANT BUILDING PROPERTY COVERAGE FORM
CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

SCHEDULE

Additional Coverages	Limit of Insurance
Perishable Goods	$ 250,000
Pollutant Clean-up And Removal For Equipment Breakdown	$ 250,000
Refrigerant Contamination	$ 250,000
Equipment Breakdown Deductible: $ SEE CPD 0001 (04/13) The deductible for direct damage to Covered Property caused by an "equipment breakdown" is the applicable deductible shown in the Declarations for the damaged property unless an Equipment Breakdown Deductible is otherwise indicated in this Schedule.	

SECTION I – BUILDING AND PERSONAL PROPERTY COVERAGE FORM AND VACANT BUILDING PROPERTY COVERAGE FORM

The Building And Personal Property Coverage Form and Vacant Building Property Coverage Form are modified as follows:

A. The following Additional Coverages are added to Paragraph **A.4.,** Additional Coverages and are added as a part of and not in addition to the limit per loss:

1. CFC Refrigerants

We will pay for the additional cost to repair or replace Covered Property due to an "equipment breakdown" 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 if no CFC refrigerant had been involved. We will also pay for additional loss, as described under the Perishable Goods Additional Coverage provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

This Additional Coverage is limited to the lesser of the following:

a. The cost to repair the damaged property and replace any lost CFC refrigerant;

b. The cost to repair the damaged property, retrofit the system to accept non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or

c. The cost to replace the system with one using a non-CFC refrigerant.

2. Electronic Data Processing Equipment And Electronic Data Processing Media

We will pay for loss or damage to your "electronic data processing equipment" and "electronic data processing media" caused by an "equipment breakdown".

The amount payable under this Additional Coverage is additional insurance.

3. Expediting Expenses

If you have a loss to Covered Property caused by an "equipment breakdown", we will pay "reasonable expediting expenses" to expedite temporary or permanent repairs of the equipment or to replace the equipment.

4. Perishable Goods

We will pay for loss of "perishable goods" due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "equipment breakdown" to Covered Property.

However, we will not pay for any loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from or arising out of the following causes of loss:

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, water damage, earth movement or flood.

The most we will pay for loss or damage under this Additional Coverage is the Limit of Insurance indicated on the Schedule of this endorsement.

5. Pollutant Clean-up And Removal For Equipment Breakdown

We will pay for the cost of "pollutant" clean-up and removal for losses resulting from an "equipment breakdown". The most we will pay for "pollutant" clean-up and removal caused by an "equipment breakdown" is the Limit of Insurance indicated on the Schedule of this endorsement.

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

6. Refrigerant Contamination

We will pay the loss to your Covered Property that is damaged by contamination from a refrigerant used in any refrigerating, cooling or humidity control equipment at the described premises, provided the contamination occurred as a result of an "equipment breakdown". For purposes of this section, refrigerant includes ammonia.

The most we will pay for loss or damage under this Additional Coverage is the Limit of Insurance indicated on the Schedule of this endorsement.

7. Unauthorized Instruction

We will pay for loss or damage to your "computer equipment" caused by an "unauthorized instruction" which results in an "equipment breakdown".

8. Service Interruption

Any insurance provided for Business Income, Extra Expense, Spoilage 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.

9. Risk Improvement

If Covered Property suffers direct physical loss or damage due to 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.

We will pay the reasonable extra cost to improve "power quality" for the following electrical systems and/or equipment improvements:

a. 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;

b. An upgrade and/or replacement of; electrical panels, switchgear and/or circuit breakers; or

c. Electrical wire and wiring improvements which include installation of; flexible conduit, junction boxes and/or ground wiring.

We will not pay more than 10%, to a maximum limit of $10,000, of the loss amount paid. An invoice for implementation of this Additional Coverage must be sent to us within 180 days after the payment of the loss is received.

10. 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 most we will pay for loss or damage under this Additional Coverage is $25,000.

11. 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 most we will pay for under this Additional Coverage is $5,000 including any insurance provided for Business Income or Extra Expense.

12. 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 most we will pay for loss or damage under this Additional Coverage is $100,000.

B. The following conditions are added to Section **F.,** Additional Conditions:

1. 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 / coverage reinstatement to:

a. Your last known address; or

b. The address where the property 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.

2. 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.

3. Environmental, Safety And Efficiency Improvements

If Covered Property requires replacement due to an "equipment breakdown", we will pay your additional cost to replace the Covered Property with equipment that is better for the environment, safer, or more efficient than the Covered Property being replaced.

However, in no event will we pay more than 150% of what the cost would have been to repair or replace the Covered Property with like kind and quality. This Condition does not apply to any property to which Actual Cash Value applies.

4. Green Environmental And Efficiency Improvements

If Covered Property requires repair or replacement due to an "equipment breakdown", we will pay:

a. The lesser 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 covered within the policy to which this Equipment Breakdown Enhancementis 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%, 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.

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 basis as per the valuation section of this policy.

c. Any loss covered under any other section of this policy.

d. Any cost incurred due to any law or ordinance with which you were legally obligated to comply prior to the time of the "equipment breakdown".

These Additional Conditions will be part of, and not an addition to, the limit of liability per loss or any other sublimits of this policy.

C. The following definitions are added to Section **H.,** Definitions:

1. "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.

2. "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.

3. "Electronic data processing equipment" means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. "Electronic data processing equipment" does include electronic systems that control "production machinery" or the "production machinery" itself.

4. "Electronic data processing media" means punch cards, tapes, discs, drums, cells or other magnetic recording or storage devices, including the information recorded on the media. It also includes the original source material used to enter data and/or programs.

5. "Electronic equipment" means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.

6. "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.

7. "Equipment breakdown" means physical loss or damage both:

a. Originating within:

(1) Boilers, fire or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:

(a) waste disposal piping;

(b) any piping forming part of a fire protective system;

(c) furnaces; and

(d) any water piping other than:

(i) boiler feed water piping between the feed pump and the boiler;

(ii) boiler condensate return piping; or

(iii) water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.

(2) All mechanical, electrical, "electronic equipment" or fiber optic equipment; and

b. Caused by, resulting from, or consisting of:

(1) Mechanical breakdown;

(2) Electrical or electronic breakdown and "electronic equipment deficiency"; or

(3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "equipment breakdown" does not mean physical loss or damage caused by or resulting from any of the following:

a. Wear and tear;

b. Rust or other corrosion, decay, deterioration, hidden or latent defect, mold 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 birds, rodents or other animals;

f. Any accident, loss, damage, cost, claim, or expense, whether preventative, 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. The following causes of loss to personal property:

(1) dampness or dryness of atmosphere;

(2) marring or scratching.

h. Loss, damage, cost or expense used by, contributed to, by or resulting from, in whole or in part, any of the following:

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, water damage, earth movement or flood.

However, if loss or damage not otherwise excluded results, then we will pay for such resultant damage.

8. "Green" as used herein 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.

9. "Green authority" as used herein 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.

10. "Perishable goods" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

11. "Power quality" means the conditions that allow 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.

12. "Production machinery" as used herein means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

13. "Reasonable expediting expenses" include overtime and the costs of express or other rapid means of transportation.

14. "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.

SECTION II – CAUSES OF LOSS – BASIC FORM

The Causes Of Loss – Basic Form is modified as follows:

A. The following is added to Paragraph **A.,** Covered Causes Of Loss:

When Basic is shown in the Declarations, Covered Causes of Loss also means "equipment breakdown".

B. The Exclusions in Paragraphs **B.2.a., B.2.d.,** and **B.2.e.** do not apply.

C. The following is added to the Exclusion in Paragraph **B.1.g.,** Water:

However, if electrical Covered Property requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for building or business personal property, whichever applies.

SECTION III – CAUSES OF LOSS – BROAD FORM

The Causes Of Loss – Broad Form is modified as follows:

A. The following is added to Paragraph **A.,** Covered Causes Of Loss:

When Broad is shown in the Declarations, Covered Causes of Loss also means "equipment breakdown".

B. The Exclusions in Paragraphs **B.2.a., B.2.b.,** and **B.2.c.** do not apply.

C. The following is added to the Exclusion in Paragraph **B.1.g.,** Water:

However, if electrical Covered Property requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for building or business personal property, whichever applies.

SECTION IV – CAUSES OF LOSS – SPECIAL FORM

The Causes Of Loss – Special Form is modified as follows:

A. The Exclusions in Paragraphs **B.2.a., B.2.d.(6),** and **B.2.e.** do not apply.

B. The following is added to the Exclusion in Paragraph **B.1.g.,** Water:

However, if electrical Covered Property requires drying out because of the above, we will pay for the direct expenses of such drying out, subject to the applicable Limit of Insurance and deductible for building or business personal property, whichever applies. **C.** The Limitations in Paragraphs **C.1.a.** and **C.1.b.** do not apply.

D. The following is added to the definition of "specified causes of loss" in Paragraph **G.2.:**

“Specified causes of loss” also means “equipment breakdown”.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – PFAS (PERFLUOROALKYL AND POLYFLUOROALKYL SUBSTANCES)

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following is added to Paragraph **B. Exclusions**:

1. The exclusion set forth in Paragraph 2. applies to all coverage under all forms and endorsements that comprise this Coverage Part, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.

2. We will not pay for loss or damage caused directly or indirectly by, in whole or in part, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage, the actual, alleged, threatened or suspected absorption, discharge, dispersal, seepage, migration, release or escape of, contact with, exposure to, existence of, or presence of, any "PFAS" or products or materials containing “PFAS.”

Further, we will not pay for any loss, cost or expense arising, in whole or in part, 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 "PFAS” by any insured or by any other person or entity, whether or not required by law.

3. As used herein, "PFAS" means any:

a. Chemical, compound, substance or material of any kind that consists of or contains, in whole or in part, perfluoroalkyl and/or polyfluoroalkyl;

b. Chemical or substance that contains one or more alkyl carbons on which hydrogen atoms have been partially or completely replaced by fluorine atoms;

c. Perfluorinated chemical, compound, or substance;

d. Polyfluorinated chemical, compound, or substance;

e. Perfluoroalkane sulfonoamido chemical, compound, or substance;

f. Fluoropolymer of any type, kind, or substance;

g. Perfluoropolyether of any type, kind, or substance;

h. Side-chain fluorinated polymer of any type, kind, or substance;

i. Perfluorooctanoic acid, perfluorooctane sulfonic acid, perfluorobutane sulfonic acid, GenX, and any other compound or substance included as or designated to be a perfluoroalkyl or polyfluoroalkyl by the United States Environmental Protection Agency, any similar state agency or entity, or any equivalent foreign or international environmental agency or entity;

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j. Associated salt, ester, acid, or alcohol of any item included in this definition of “PFAS”;

k. Ionic state or acid form of any item included in this definition of “PFAS”;

l. Precursor chemical, derivative, or degradation or by-product of any item included in this definition of “PFAS”; and

m. Any good or product, including containers, materials, parts, or equipment, furnished in connection with such good or product, that consists of or contains any chemical or substance described above.

4. The terms of the exclusion in Paragraph 2., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part.

5. The addition of this endorsement does not imply that the actual, alleged, threatened or suspected absorption, discharge, dispersal, seepage, migration, release or escape of, contact with, exposure to, existence of, or presence of, any PFAS constitutes direct physical loss or damage.

All other terms, conditions and agreements of the policy shall remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – COSMETIC LOSS TO ROOFS AND/OR METAL COVERINGS CAUSED BY WIND, HAIL, OR WIND-BLOWN DEBRIS

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – WINDSTORM OR HAIL ONLY

The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

Cosmetic Loss to Roofs and/or Metal Coverings Caused by Wind, Hail, or Wind-Blown Debris

We will not pay for "cosmetic loss or damage" to "roofs" and/or "metal coverings" of buildings and structures caused by wind, hail, or wind-blown debris.

As used in this endorsement:

(a) "Cosmetic loss or damage" means loss or damage that alters the physical appearance of the "roofs" and/or "metal coverings" but does not result in the immediate penetration of water or moisture through the "roofs" and/or "metal coverings."

(b) "Metal coverings" means any metal exposed to the weather including, but not limited to, siding, doors, roofs, HVAC equipment cabinets, flashing, gutters, downspouts, all materials used in securing the metal, and all materials applied to or under the metal for moisture protection.

(c) "Roofs" means all materials above the roof framing including, but not limited to, the roofing system surface material, roof insulation materials, and all materials used in securing the roof surface, and also includes flashing, vent caps, trim, drip edge, vents, piping, and other items on the surface of the roof.

For purposes of this endorsement, roofing system surface material does not include shingles or tiles composed of asphalt, fiberglass, composite, wood, slate, or clay.

This endorsement does not affect the application of any applicable roof exclusions or limitations. However, if the CPM 2039 Vacant Building Property Coverage Form is part of this policy at the time of the loss or damage, this endorsement replaces the Section B.3. Cosmetic Loss to Metal Roof Coverings Caused by Hail exclusion.

All other terms, conditions, and agreements of the policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MULTIPLE CAUSES OF LOSS DEDUCTIBLE FORM

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE *

The Deductibles applicable to any one occurrence are shown below:

Premises Number	Building Number	Covered Causes of Loss **	Deductible
1	1	5	10,000
1	1	1	50,000
2	1	5	10,000
2	1	1	50,000

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

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

(1) Windstorm or Hail
(2) Theft
(3) Vandalism
(4) Collapse
(5) Water Damage
(6) Lightning
(7) Wildfire Smoke

We will only pay for loss or damage for Covered Causes of Loss as shown in the Commercial Property Coverage Part Declarations and set forth in the corresponding “Causes of Loss” form (Basic, Broad, Special) and applicable endorsements (if any).

For the purposes of this endorsement only:

Water Damage includes sprinkler leakage and is defined as any covered loss or damage caused directly or indirectly by water and regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Wildfire Smoke includes, but is not limited to, smoke, soot, ash, or other fire-related airborne particulate, including any associated odor, related to a fire, which originates at a location other than the premises described in the Declarations.

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A windstorm may or may not:

1. Contain tornadic, cyclonic, twirling, or whirling features; or
2. Be accompanied by precipitation.

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

A. Deductibles shown above only apply to the Covered Causes of Loss as specified. For any Covered Causes of Loss not itemized in this Schedule, deductibles shown in the Declarations remain unchanged.

B. In the event that more than one Covered Cause of Loss Deductible applies to loss or damage to Covered Property as a result of one occurrence, the highest Deductible, shown in this Schedule or in the Declarations, will apply.

C. The terms of this endorsement do not apply to any Earthquake Deductible or to any Windstorm or Hail Percentage Deductible provided elsewhere in this policy.

D. The terms of this endorsement do not modify the application of any per-building deductibles.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – MAJOR RENOVATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

We will not pay for loss or damage to covered property that occurs while any of the following are being performed:

1. Alterations to load-bearing structures;

2. New construction, including building additions; or

3. Demolition, including but not limited to tearing down an exterior wall, removing a roof, or interior demolition involving load-bearing structures.

All other terms, conditions and agreements of the policy shall remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY EXTENSIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

Except as modified below, all other terms and conditions of the above-referenced policies remain unchanged.

SECTION I – The following modifications are made to the Building and Personal Property Coverage Form.

A. The following are added to Paragraph **4.** Additional Coverages of SECTION A. COVERAGE:

g. Arson Reward

When fire by arson damages Covered Property, we will pay up to a $5,000 reward to any person or persons who provide information leading to an arson conviction. This Limit of Insurance applies per occurrence regardless of the number of persons providing information or the number of persons convicted. If more than one person provides such information, the $5,000 reward shall be split among the qualifying persons.

No deductible applies to this Additional Coverage.

h. Lock Replacement

We will pay your expense to repair or replace the exterior or interior door locks of Covered Property if it is necessary because:

(1) Your keys were stolen in a covered theft loss; or

(2) Your property was damaged and your keys were stolen by the burglars.

The most we will pay in any one occurrence for this Additional Coverage is $500.

No deductible applies to this Additional Coverage.

i. Fire Extinguisher Recharge

We will pay the expense you incur to recharge any Underwriters Laboratories (UL) listed hand-held or portable fire extinguisher, or any UL listed fixed fire extinguishing system using carbon dioxide or dry chemical agents. The discharge must have occurred:

(1) In fighting a fire threatening covered property during the policy period; or

(2) As the result of a Covered Cause of Loss.

The expense we will pay include only the following:

(1) Reasonable shipping expense incurred, but only if incurred for the purpose of having the extinguisher(s) recharged; or

(2) The amount actually charged by the fire extinguisher service company for recharging the extinguisher or replacing fusible links.

However, we will not pay more than:

(1) $50 per hand-held or portable fire extinguisher;

(2) $150 per fixed extinguishing system;

(3) $500 per occurrence, regardless of the number of extinguishers or extinguishing systems recharged.

No deductible applies to this Additional Coverage.

B. Paragraph **5.b.** Personal Effects and Property of Others of SECTION A. COVERAGE is replaced by the following:

b. Personal Effects and Property of Others

The insurance that applies to Your Business Personal Property is extended to apply to:

(1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.

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

The most we will pay for loss or damage for paragraphs **(1)** and **(2)** under this Extension is $25,000 at each described premises, but not more than $2,500 to any one person in any one loss. This is subject to the deductible applicable in this endorsement. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

(3) Damages you are legally liable to pay because of loss or destruction of or damage to property belonging to your guests or located in guest rooms while not in your care, custody or control

The most we will pay for loss or damage for paragraph **(3)** under this Extension is $25,000 at each described premises, but not more than $1,000 to any one person in any one loss. This is subject to the deductible applicable in this endorsement.

C. Paragraph **5.c.** Valuable Papers and Records (Other Than Electronic Data) of SECTION A. COVERAGE provides coverage of $2,500. We will pay at each described premises up to an additional $22,500 subject to the deductible applicable to this endorsement.

D. Paragraph **5.d.** Property Off-Premises of SECTION A. COVERAGE provides coverage of $10,000. We will pay up to an additional $5,000 for loss or damage subject to the deductible applicable in this endorsement.

E. Paragraph **5.e.** Outdoor Property of SECTION A. COVERAGE provides coverage of $1,000 for loss or damage to trees, shrubs or plants, but no more than $250 for any one tree, shrub or plant. We will pay up to $5,000 for loss or damage to trees, shrubs or plants, but no more than $500 for any one tree, shrub or plant. This extension is subject to the deductible applicable in this endorsement.

F. The following extensions are added to Paragraph **5.** Coverage Extensions of SECTION A. COVERAGE:

g. Money and Securities

(1) We will pay for loss of money and securities used in your business while at a bank savings institution, at the described premises or in transit between any of these places, resulting directly from:

(a) Theft, meaning any act of stealing;

(b) Disappearance; or

(c) Destruction.

(2) In addition to the Limitations and Exclusions applicable to personal property coverage, we will not pay for loss:

(a) Resulting from accounting or arithmetical errors or omissions;

(b) Due to the giving or surrendering of property in any exchange or purchase; or

(c) Of property contained in any money-oriented device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.

(3) The most we will pay for loss in any one occurrence is:

(a) $10,000 Inside the Premises for money and securities while:

(i) In or on the described premises; or

(ii) Within a bank or savings institution; and

(b) $10,000 Outside the Premises for money and securities while anywhere else.

(4) We will not pay for loss of money and securities in any one occurrence until the amount of loss exceeds the deductible applicable in this endorsement.

(5) All loss:

(a) Caused by one or more persons; or

(b) Involving a single act or series of related acts;

is considered one occurrence.

(6) You must keep records of all money and securities so we can verify the amount of any loss or damage.

(7) In the event of loss or damage we will determine the values as follows:

(a) Money at its face value; and

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

h. Property of Others Off-Premises

This insurance applies to damage arising from your negligence which results in direct physical loss to property of others in your care, custody or control away from the described premises. This insurance also applies to damage resulting in direct physical loss to property of others on which you or any contractors or subcontractors working directly or indirectly on your behalf

are performing "operations", provided the damage arises out of negligence in the performance of such "operations". This extension of coverage is subject to the following:

(1) The most we will pay for loss or damage under this extension of coverage is a maximum of $1,000 for any one occurrence and $10,000 in the aggregate;

(2) This coverage extension does not apply to reimbursement for your labor costs to restore, repair or replace the damaged property;

(3) Reimbursement for the cost of all parts and materials used to restore, repair or replace the damaged property shall be made at your cost;

(4) This coverage extension shall only apply to the extent of your legal liability to the owner of the damaged property ; and

(5) This coverage extension does not apply to damage to your work or to your product.

Our payment for loss or damage property of others will only be for the account of the owner of the property. We may pay any part or all of your deductible amount to effect settlement of any claim and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible which has been paid by us.

We will not pay for loss of property of others in your care, custody or control off premises in any one occurrence until the amount of loss exceeds a $250 deductible.

i. Employee Dishonesty

(1) We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

(a) Cause you to sustain loss or damage; and also

(b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions, or other employee benefits earned in the normal course of employment) for:

(i) Any employee; or

(ii) Any other person or organization.

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

(a) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.

(b) The only proof of which as to its existence or amounts is:

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) The most we will pay for loss or damage in any one occurrence is $10,000.

(4) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of related acts;

is considered one occurrence.

(5) 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.

(6) This coverage extension does not apply to any employee immediately upon discovery by:

(a) You; or

(b) 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.

(7) We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.

(8) If you 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 coverage extension, provided:

(a) This coverage extension became effective at the time of cancellation or termination of the prior insurance; and

(b) The loss or damage would have been covered by this coverage extension had it been in effect when the acts or events causing the loss or

damage were committed or occurred.

(9) The insurance under paragraph (8) above is part of, not in addition to, the Limit of Insurance applying to this coverage extension and is limited to the lesser of the amount recoverable under:

(a) This coverage extension as of its effective date; or

(b) The prior insurance had it remained in effect.

j. Extra Expense

We will pay any necessary Extra Expense you incur during the "period of restoration" incurred as a result of direct physical loss or damage to Covered Property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open (or in a vehicle) the described premises include the area within 100 feet of the site at which the described premises are located.

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 relocation expenses, and costs to temporarily equip and operate the replacement or temporary locations during the "period of restoration", not to exceed 12 consecutive months after the date of direct physical loss or damage.

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

(3) To:

(a) Repair or replace any property; or

(b) 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.

The most we will pay for this coverage is $50,000. We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage.

With respect to the requirements set forth above in paragraphs **j.,** if you occupy only part of the site at which the described premises are located, your premises means:

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

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

If any other coverage form or endorsement issued by us provides Extra Expense coverage, this endorsement shall not provide Extra Expense coverage.

k. Miscellaneous Tools and Equipment

(1) We will pay for loss to miscellaneous tools and equipment owned, rented, or leased by you or your employees from any of the Covered Causes of Loss if the loss occurs within the United States of America or Canada.

(2) If theft is a Covered Cause of Loss, coverage does not apply to theft from any unattended vehicle, unless at the time of the theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was a result of forced entry.

(3) Covered Property does not include:

(a) motor vehicles designed for highway use, including motorcycles; aircraft or watercraft;

(b) plans, blueprints, designs, or specifications;

(c) property located underground, in caissons, or underwater;

(d) waterborne property unless loss is caused by fire;

(e) property which has become a permanent part of any structure;

(f) dynamos, exciters, lamps, switches, motors, or other electrical appliances or devices, including wiring, if loss is caused by artificially generated current creating a short circuit or other electrical disturbance.

But we will pay for direct loss caused by resulting fire.

(g) tires or tubes unless loss is caused by:

(i) fire

(ii) windstorm

(iii) theft

or unless loss occurs at the same time as the loss which is insured by this policy.

(4) The most we will pay for this coverage is $10,000 but not to exceed $1,000 for any one item, subject to a separate Miscellaneous Tools and Equipment per occurrence deductible of $1,000.

G. Special Coverages

The following Special Coverages are added to the Building and Personal Property Coverage Form. These Special Coverages are subject to all of the terms, conditions, exclusions and deductibles applicable to this policy, except where otherwise provided herein. Each of these Special Coverages is additional insurance. The Coinsurance condition does not apply to these Special Coverages.

1. Accounts Receivable

a. We will pay for losses that result from Covered Causes of Loss to your records of accounts receivable as described below:

(1) All amounts due from your customers that you are unable to collect as a consequence of the Covered Cause of Loss;

(2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(3) Collection expenses in excess of your normal collection expenses that are made necessary by the "loss"; and

(4) Other reasonable expenses that you incur to re-establish your records of accounts receivable.

b. The most we will pay in any one occurrence for this Special Coverage is $25,000.

2. Ordinance or Law Coverage

a. If a Covered Cause of Loss occurs to covered building property, we will pay:

(1) The increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy to the current property, unless otherwise required by zoning or land use ordinance or law; and

(2) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of the building, zoning or land use ordinance or law;

provided that the ordinance or law is in force at the time of the loss.

b. For this Special Coverage, we will pay the lesser of:

(1) 25% of actual cash value of the covered building property or 25% of replacement value of the covered building property whichever is applicable; or

(2) 25% of the applicable limit of insurance for the covered building property; or

(3) Up to $25,000 under part **a.(1)** above and up to $25,000 under part **a.(2)** above.

c. We will not pay under this endorsement for:

(1) 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".

(2) The increased costs associated with the enforcement of any ordinance or law regulating air or water quality or air, water or land pollution.

d. We will not pay for increased construction costs under this endorsement:

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

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

e. Exclusion **B.1.a.** of the Causes of Loss - Special Form does not apply to this coverage.

3. Temperature-Humidity Changes

a. We will pay for loss of or damage to "stock" at the premises described in the Declarations caused by or resulting from:

(1) mechanical or electrical breakdown of heating, cooling or humidity control equipment which is owned or used by you; or

(2) a power failure beyond your control which causes a change in temperature or humidity.

b. We will not pay for any loss or damage if you fail to use reasonable care to maintain

all heating, cooling or humidity control equipment in proper operating condition.

c. The most we will pay for loss or damage in any one occurrence is $5,000.

d. Exclusions **B.1.e.** and **B.2.d.(7**) of the Causes of Loss - Special Form do not apply to this special coverage.

4. Electronic Data Processing Equipment Coverage

a. We will pay for loss or damage to your Electronic Data Processing Equipment and Electronic Data Processing Media which you own, lease, or rent from others or for which you are legally responsible.

b. We will pay for loss or damage resulting from or caused by:

(1) Short circuit, blowout or other electrical damage or disturbance (except interruption of power supply, power surge, blackout or brown-out if the cause of such occurrence took place more than 100 feet from the insureds location as shown in the policy).

(2) Electrical or magnetic injury, disturbance, or erasure of electrical recordings except if damage occurs outside the insureds location or if there is a change in the insured's electrical power supply, such as interruption, power surge or brownout, which originates more than 100 feet from the insureds location as shown in the policy.

c. The most we will pay for loss to hardware in any one occurrence is $25,000. The most we will pay for loss to software in any one occurrence is $5,000.

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

(1) Loss to property loaned, leased or rented to others while away from the premises listed in the Declarations.

(2) Data or media which cannot be replaced with others of the same kind and quality.

(3) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents. But we will cover such property when it is converted to data form and then only in that form.

(4) Error or omission in machine programming or incorrect instruction to a machine.

e. Exclusions **B.2.a.** and **B.2.d.(6)** of the Causes of Loss - Special Form do not apply to this special coverage.

f. "Electronic Data Processing Equipment" means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Electronic Data Processing Equipment does not include electronic systems that control production machinery nor the production machinery itself.

g. "Electronic Data Processing Media" means punch cards, tapes, discs, drums, cells or other magnetic recording or storage devices, including the information recorded on the media. It also includes the original source material used to enter data and/or programs.

5. Awnings, Canopies, Pumps and Lights

a. We will pay for loss or damage that results from a Covered Cause of Loss to awnings, canopies, pumps and lights unattached to buildings at the premises described in the Declarations.

b. The most we will pay for loss or damage in any one occurrence under this Special Coverage is $25,000.

6. Contamination of Petroleum Products

a. We will pay for loss or damage that results from contamination by surface water of petroleum products stored in storage tanks at the premises described in the Declarations.

b. The most we will pay for loss or damage in any one occurrence under this Special Coverage is $5,000.

7. Food Contamination

We will pay:

a. Your cost to clean your equipment per local Board of Health requirements;

b. Your cost to replace consumable goods declared contaminated by the local Board of Health;

c. Necessary medical tests and vaccines for affected employees as required by the Board of Health or other governmental body; and

d. Reimbursement you paid to infected patrons for doctor's care, hospitalization and necessary blood work.

e. The most we will pay for loss or damage in any one occurrence under this Special Coverage is $10,000.

H. SECTION C. LIMITS OF INSURANCE: We will pay up to $10,000 in aggregate at each described premises for outdoor signs attached and unattached to buildings, subject to the deductible applicable in this endorsement.

SECTION II – The following modifications are made to the Causes of Loss - Special Form:

A. The following is added to SECTION F. ADDITIONAL COVERAGE EXTENSIONS:

4. Sewer Back Up. We will pay for the loss or damage caused by or resulting from water that backs up from a sewer or drain. We will not pay for the cost to repair any defect of a sewer or drain system from which water backs up. The most we will pay is $2,500 during the policy period, subject to a $2,500 limit in any one occurrence. This amount is subject to the deductible applicable in this endorsement.

B. Item F. Additional Coverage Extensions, paragraph **1.c.** Property In Transit is amended as follows:

c. The most we will pay for loss or damage under this Extension is $10,000.

SECTION III – The following provisions are applicable to all coverage modifications made by this endorsement unless a modification expressly states otherwise.

A. Excess Insurance

The extended coverage provided by this endorsement is excess over any other valid and collectible insurance.

B. Deductible

One deductible of $500 applies to all coverage extensions on this endorsement unless specifically indicated otherwise on this endorsement.

We will not pay for loss or damage in any one occurrence until the amount of loss exceeds $500. We will then pay the amount of loss in excess of the deductible up to the limit stated in that particular coverage extension.

This $500 deductible is in addition to the deductible shown in the Declarations. This deductible will not be used to satisfy the requirements of the deductible shown in the Declarations.

If one occurrence causes losses covered by more than one of the coverage extensions under this endorsement, only one deductible will apply to the coverage extensions under this endorsement. The deductible that will apply is the highest deductible under any one of the coverage extensions, with a maximum deductible of $1,000.

C. Additional Definitions

The following definitions are applicable for purposes of this endorsement only.

1. "Communicable disease" is defined as bacterial microorganism transmitted through human contact to food.

2. "Food contamination" means the occurrence of food poisoning or suspected food poisoning of one or more of your patrons, including food contamination resulting from tainted food purchased by you or "communicable disease" transmitted by one or more of your employees.

3. "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.

4. "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 ordinance or law that:

a. Regulates the construction, use or repair, or requires the tearing down of any property; or

b. Requires an insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

5. "Operations" means your business activities occurring at any location scheduled in the Declarations.

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

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

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

but does not include "money".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PER BUILDING DEDUCTIBLE – NO AGGREGATE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following modifies the **Deductible** section of this policy:

Deductibles will apply on a per-building basis. The per-building deductible shall apply separately to each occurrence and each building scheduled in the Declarations, regardless of the number of occurrences or buildings. For the purposes of the per-building deductible, a residential dwelling with an associated detached garage at the same location will be considered one building.

In the event that more than one Deductible applies to loss or damage to Covered Property as a result of one occurrence, the highest Deductible shown in the Declarations will apply.

The terms of this endorsement do not apply to any Earthquake Deductible or to any Windstorm or Hail Percentage Deductible provided elsewhere in this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

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

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

(1) Computer hardware, including microprocessors;

(2) Computer application software;

(3) Computer operating systems and related software;

(4) Computer networks;

(5) Microprocessors (computer chips) not part of any computer system; or

(6) Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or

b. In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

SCHEDULE

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

State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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

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

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

C. Exception Covering Certain Fire Losses

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

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

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

D. Application Of Other Exclusions

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM
FARM COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

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

State(s)	Coverage Form, Coverage Part Or Policy

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

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or

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b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.

2. If the provisions of this endorsement become applicable, such provisions:

a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and

b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

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 segment thereof, or to disrupt any segment of the economy; or

b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. 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; or

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

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; or

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5. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds $25,000,000. In determining whether the $25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

   With respect to this Item **C.5.,** the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form, Coverage Part or Policy.

D. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

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 by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

E. Application Of Other Exclusions

1. When the Exclusion Of Terrorism applies in accordance with the terms of **C.1.** or **C.2.,** such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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