

THE PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY

Administration Office: 555 College Road East, Princeton, NJ 08543-5241
800.305.4954
Statutory Office: 2711 Centerville Road, Suite 400 – Wilmington, DE 19805
(a stock insurance company)

COMMON POLICY DECLARATIONS

POLICY NUMBER: 4WA3CM0002795-00 **PRIOR POLICY NUMBER:** New

This insurance was procured and developed under the Oregon surplus lines laws. It is NOT covered by the provisions of ORS 734.510 to 734.710 relating to the Oregon Insurance Guaranty Association. If the insurer issuing this insurance becomes insolvent, the Oregon Insurance Guaranty Association has no obligation to pay claims under this insurance.

PRODUCER NAME	LICENSED SURPLUS LINES PRODUCER
RSG Underwriting Managers, LLC One Huntington Quadrangle Suite4N20 Melville, NY 11747	CRC Insurance Services Inc. 6200 S Syracuse Way Suite 100 Greenwood Village, CO 80111
NAMED INSURED:	Association Of Unit Owners Of Seaview Condominiums
MAILING ADDRESS:	515 Northwest Saltzman Road, PMB 908 Portland, OR 97229
POLICY PERIOD:	FROM <u>6/10/2025</u> TO <u>6/10/2026</u> AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

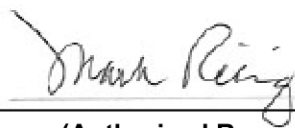
BUSINESS DESCRIPTION	CIVIC AND SOCIAL ASSOCIATIONS
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IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

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	\$25,000
Terrorism Premium	\$0
TOTAL:	\$25,000

POLICY NUMBER: 4WA3CM0002795-00

FORMS APPLICABLE TO ALL COVERAGE PARTS (SHOW NUMBERS):
See Schedule of Forms and Endorsements

Countersigned: 6/10/2025	By: 
(Date)	(Authorized Representative)

SUMMARY OF CHARGES

Premium	\$25,000.00
Carrier Fee	\$250.00
Policy Fee	\$500.00
Surplus Lines Tax	\$515.00
Surplus Lines Service Charge	\$10.00
Fire Marshal Tax	\$77.25
Total	\$26,352.25

Surplus Lines Licensee: CRC Insurance Services, Inc.
This is evidence of insurance was procured and developed under the Oregon Surplus Lines laws. It is NOT covered by the provisions of ORS 734.510 to 734.710 relating to the Oregon Insurance Guaranty Association. If the insurer issuing this insurance becomes insolvent, the Oregon Insurance Guaranty Association has no obligation to pay claims under this evidence of insurance.



Secretary



President

**THE PRINCETON EXCESS AND
SURPLUS LINES
INSURANCE COMPANY**

Administration Office: 555 College Road East, Princeton, NJ 08543-5241
800.305.4975
Statutory Office: 2711 Centerville Road, Suite 400 – Wilmington, DE 19805
(a stock insurance company)

POLICY NO. 4WA3CM0002795-00

PRIOR NO: New

**COMMERCIAL PROPERTY COVERAGE PART
DECLARATIONS PAGE**

NAMED INSURED: Association Of Unit Owners Of Seaview Condominiums

DESCRIPTION OF PREMISES

PREM BLDG LOCATION, CONSTRUCTION AND OCCUPANCY

See Schedule of Locations

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN

PREM	BLDG	COVERAGE	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	COINSURANCE*	RATES
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See Schedule attached

*IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT

OPTIONAL COVERAGES

APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW

PREM	BLDG	COVERAGE	AGREED VALUE EXPIRATION DATE	AMOUNT	VALUE OPTION	INCLUDING "STOCK"
		INFLATION GUARD (Percentage)	*MONTHLY LIMIT OF INDEMNITY (Fraction)	*MAXIMUM PERIOD OF INDEMNITY (Y/N)	*EXTENDED PERIOD OF INDEMNITY (Days)	

*APPLIES TO BUSINESS INCOME ONLY.

MORTGAGE HOLDER

PREM BLDG MORTGAGE HOLDER NAME AND MAILING ADDRESS

See Schedule attached

DEDUCTIBLE

PREM	BLDG	COVERAGE	BASIC - GP I	BASIC - GP 11	BROAD	SPECIAL
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\$10,000 - Other Deductibles May Apply See Attached Endorsements

FORMS APPLICABLE

TO ALL COVERAGES:

See Schedule attached

TO SPECIFIC PREMISES/COVERAGES:

PREM	BLDG	COVERAGE(S)	FORM NUMBER
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Schedule of Forms

Named Insured Association Of Unit Owners Of Seaview Condominiums

Policy No: 4WA3CM0002795-00 The Princeton Excess & Surplus Lines Insurance Company

Form Name	Form Edition No
Common Policy Declarations	PESCL2000 (06/14)
Commercial Property Coverage Part Declarations Page	PESPR2000a (01/96)
Schedule of Forms	Forms
U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders	IL P 001 01 04
Location Schedule	Locsched (F1 8/95)
Common Policy Conditions	IL 00 17 11 98
Causes of Loss - Special Form	CP 10 30 10 12
Commercial Property Conditions	CP 00 90 07 88
Condominium Association Coverage Form	CP 00 17 10 12
Service of Process Endorsement	SLSOP 10 14
Actual Cash Value for Roof Surfacing (Windstorm or Hail)	CF 10 03 07 20
Aluminum Wiring Exclusion	CF 10 05 07 20
Cancellation Changes	CP 02 99 06 07
Equipment Breakdown Coverage Part Declarations	CF DS 00 21 10 24
Equipment Breakdown Coverage Part	CF 00 20 01 25
Amendatory Endorsement	VLCW71 12 10
Cyber Incident Exclusion	CP 10 75 12 20
Exclusion of Loss Due to Virus or Bacteria	CP 01 40 07 06
Existing Damage Exclusion	CF 10 04 07 20
Flex Property Extension Endorsement	CF 00 03 08 13
Exclusion of Certified Acts of Terrorism	IL 09 53 01 15
Loss Limit of Insurance	CF 12 02 07 20
Minimum Earned Premium	WK 10 02 05 12
Ordinance or Law Coverage	CP 04 05 10 12
Nuclear Energy Liability Exclusion Endorsement	IL 00 23 07 02
Protective Safeguards	CP 04 11 10 12
Water Exclusion Endorsement	CP 10 32 08 08
Absolute Asbestos Exclusion Endorsement	CF 00 25 11 24

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

LOCATION SCHEDULE

Named Insured: Association Of Unit Owners Of Seaview Condominiums
Policy Effective Date: 06/10/2025
Policy Expiration Date: 06/10/2026
This endorsement effective: 12:01 AM 06/10/2025 forms a part of Policy No: 4WA3CM0002795-00

Loc. #	Bldg. #	Location Address	Coverage	Limits	Covered Cause of Loss	Co-Ins.	Valuation
1	1	115 North Miller Street Rockaway Beach, OR Tillamook 97136	BUILDING PERSONAL PROPERTY	\$7,626,068 \$29,400	Special - Excluding Flood, EQ Special - Excluding Flood, EQ	NIL NIL	RC RC
		Protection: Wet -100% - Central Station Class: Apartments - Condominiums Construction: Frame Year Built: 1998					

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.

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

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written 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.

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

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

B. Exclusions

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

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

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

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

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

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

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

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

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

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

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

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

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

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

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

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

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

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

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

f. War And Military Action

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

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

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

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

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

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

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

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

This exclusion does not apply:

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

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

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

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

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

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

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

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

- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1)** Wear and tear;
- (2)** Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3)** Smog;
- (4)** Settling, cracking, shrinking or expansion;

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

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

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

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

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

- e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f.** Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1)** You do your best to maintain heat in the building or structure; or

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

h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

(1) Applies whether or not an act occurs during your normal hours of operation;

(2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

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

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

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

(1) An abrupt falling down or caving in;

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

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

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

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

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

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

(i) The "specified causes of loss";

(ii) Breakage of building glass;

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

(iv) Weight of people or personal property.

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
 - (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.

C. Limitations

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

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

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

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

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

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

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

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

However, this limitation does not apply to:

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

(2) Business Income Coverage or Extra Expense Coverage.

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

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

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

(1) Dampness or dryness of atmosphere or of soil supporting the vegetation;

(2) Changes in or extremes of temperature;

(3) Disease;

(4) Frost or hail; or

(5) Rain, snow, ice or sleet.

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

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

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

(1) Glass; or

(2) Containers of property held for sale.

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

However, this limitation does not apply:

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

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

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
 - a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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

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

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

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

D. Additional Coverage – Collapse

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

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

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.
3. This **Additional Coverage – Collapse** does **not** apply to:
 - a. A building or any part of a building that is in danger of falling down or caving in;
 - b. A part of a building that is standing, even if it has separated from another part of the building; or
 - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
4. With respect to the following property:
 - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

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

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

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

- 6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

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

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

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

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

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

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

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

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

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

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

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, 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.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

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

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

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

COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

CONDOMINIUM ASSOCIATION COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

- (1) Completed additions;
- (2) Fixtures, outside of individual units, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

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

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

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

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

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

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

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

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

c. Personal Property Of Others that is:

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

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

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, **n.**, does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

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

q. The following property while outside of buildings:

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

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (c) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (d) Remove deposits of mud or earth from the grounds of the described premises;
 - (e) Extract "pollutants" from land or water; or
 - (f) Remove, restore or replace polluted land or water.

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

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

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

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

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

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

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

Example 2

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

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

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

b. Preservation Of Property

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

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

c. Fire Department Service Charge

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

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

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

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

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

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

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

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

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
 - (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

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

f. Electronic Data

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

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

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

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

- (i) Similar use as the building described in the Declarations; or
- (ii) Use as a warehouse.

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

(2) Your Business Personal Property

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

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

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

(b) This Extension does not apply to:

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

(3) Period Of Coverage

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

(a) This policy expires;

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

(c) You report values to us.

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

b. Personal Effects And Property Of Others

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

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

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

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

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.

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

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

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

- (1) Fire;
- (2) Lightning;

- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

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

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

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

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

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

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

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

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

- 1. Fire Department Service Charge;
- 2. Pollutant Clean-up And Removal;
- 3. Increased Cost Of Construction; and
- 4. Electronic Data.

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

D. Deductible

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

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

Example 1

(This example assumes there is no Coinsurance penalty.)

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

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

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

\$ 60,100
– 250

\$ 59,850 Loss Payable – Building 1

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

Total amount of loss payable:

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

Example 2

(This example, too, assumes there is no 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.

3. Duties In The Event Of Loss Or Damage

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

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

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

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

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

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

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

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

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

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

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

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

7. Vacancy

a. Description Of Terms

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

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

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

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

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

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

b. Vacancy Provisions

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

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

(a) Vandalism;

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

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

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

8. Valuation

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

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

b. If the Limit of Insurance for Building satisfies the Additional Condition, 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.

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

(1) Awnings or floor coverings;

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

(3) Outdoor equipment or furniture.

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

9. Waiver Of Rights Of Recovery

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

F. Additional Conditions

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

1. Coinsurance

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

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

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

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

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

- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

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

Example 1 (Underinsurance)

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

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

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

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

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

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

Example 2 (Adequate Insurance)

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

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

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

Example 3

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

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

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

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

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

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

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

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

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

G. Optional Coverages

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

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance 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 applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

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

3. Replacement Cost

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

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

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

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

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

4. Extension Of Replacement Cost To Personal Property Of Others

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

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

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

H. Definitions

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

The Princeton Excess and Surplus Lines Insurance Company

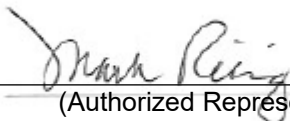
Date Issued: 6/18/2025

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. (The following information is required only when this endorsement is issued subsequent to preparation of the Policy.)

INSURED Association Of Unit Owners Of Seaview Condominiums

Policy No. 4WA3CM0002795-00 Endorsement Effective 6/10/2025
(12:01 A.M.)

Countersignature



(Authorized Representative)

by THE PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY

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

This Policy is subject to the following:

SERVICE OF PROCESS ENDORSEMENT

This endorsement specifies that:

We designate the Superintendent of Insurance, Insurance Commissioner, Director of Insurance, or other officer specified by law, pursuant to the laws of the State where this policy is delivered, as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted in the State in which this policy is delivered, by, or on behalf of, the Named Insured or any beneficiary hereunder arising out of this Policy. We designate the General Counsel of The Princeton Excess and Surplus Lines Insurance Company, 555 College Road East, Princeton, New Jersey 08543 as the person to whom the said officer is authorized to mail such process or true copy thereof.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ACTUAL CASH VALUE FOR ROOF SURFACING
(WINDSTORM OR HAIL)**

This endorsement modifies insurance provided under the following:

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

SCHEDULE

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

- A.** The following applies with respect to loss or damage by Windstorm or Hail to a building or structure identified in the Schedule:
 - 1. Roof Over 10 Years Old (Frame)**
Replacement Cost coverage (if otherwise applicable to such property) does not apply to buildings or structures of frame construction with roof surfacing over ten (10) years old at the time of loss or damage. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.
 - 2. Roof Over 20 Years Old (Other than Frame)**
Replacement Cost coverage (if otherwise applicable to such property) does not apply to buildings or structures of other than frame construction with roof surfacing over twenty (20) years old at the time of loss or damage. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.
- B.** For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

All other terms and conditions of this Policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALUMINUM WIRING EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – BASIC FORM

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

Aluminum Wiring

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

All other terms and conditions of this Policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

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

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

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

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

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

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

1. Have not started; and
2. Have not been contracted for,
within 30 days of initial payment of loss.

C. The building has:

1. An outstanding order to vacate;
2. An outstanding demolition order;
3. Been declared unsafe by governmental authority.

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

E. Failure to:

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

Equipment Breakdown Coverage Part Declarations

Named Insured: Association Of Unit Owners Of Seaview Condominiums

Policy Number 4WA3CM0002795-00

Effective Date 6/10/2025

Issue Date6/18/2025

Location(s)

These coverages apply to any location listed on file with the Company.

Coverages	Limits
Equipment Breakdown Limit	\$5,000,000
Property Damage	Included
Business Income	Excluded
Extended Period of Restoration	180 Days
Extra Expense	Excluded
Civil or Military Authority	Excluded
Contingent Business Income and Extra Expense	Excluded
Data Restoration	\$250,000 Sublimit
Demolition	\$2,500,000 Sublimit
Future Loss Avoidance	\$10,000 or 10% of our Eligible Payment, whichever is less
Expediting Expenses	\$250,000 Sublimit
Green	\$25,000 Sublimit
Hazardous Substances	\$250,000 Sublimit
Miscellaneous Unnamed Locations	\$250,000 Sublimit
Mobile Robots	\$50,000 Sublimit
Mold	\$25,000 Sublimit
Newly Acquired Locations	\$10,000,000 Sublimit
Number of Days	180 Days
Off Premises Equipment Breakdown	\$2,500,000 Sublimit
Ordinance or Law	\$2,500,000 Sublimit
Public Relations	Excluded
Service Interruption	
Waiting Period	24 Hours
Spoilage and Consequential Damage	\$250,000 Sublimit
Refrigerant Contamination – Coverage Options (check one)	
<input checked="" type="checkbox"/> Included in Spoilage and Consequential Damage Limit	
<input type="checkbox"/> \$ _____	

Deductibles

Combined, All Coverages
[Either combined deductible or separate deductibles as shown below may apply]
Direct Coverages \$10,000
Indirect Coverages..... hours
Spoilage and Consequential Damage

Special Provisions and Additional Exclusions

Equipment Breakdown Coverage Part

In order to determine what is and is not covered under this policy, as well as the rights and duties associated with it, you should carefully read the entire policy. Some provisions of this policy restrict coverage or impose duties.

The Named Insured as shown in the Declarations is referred to throughout this policy by the words “you” and “your”, while the Company providing this insurance is referred to by the words “we”, “us” and “our”.

When a word or phrase appears in quotation marks, this indicates that it has a special meaning in the context of this policy. The applicable definition can be found in Section G.

Throughout this policy, information that is referred to as being shown in the Declarations includes information shown in an endorsement, schedule or other document that is listed in the Declarations.

Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.

A. COVERAGE

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in A.1. below. In the event of a Covered Cause of Loss, we will pay for loss as described in A.2. below.

1. Covered Cause of Loss

The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident” or “electronic circuitry impairment”. Without a Covered Cause of Loss there is no Equipment Breakdown Coverage.

2. Coverages Provided

This section lists the coverages that may apply in the event of a Covered Cause of Loss. Each coverage is subject to a specific limit as shown in the Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of a Covered Cause of Loss. For each coverage, we will pay only for that portion of the loss, damage or expense that is solely attributable to the Covered Cause of Loss.

a. Property Damage

We will pay for physical damage to “covered property” that is at a location covered under this policy at the time of the Covered Cause of Loss. We will consider “electronic circuitry impairment” to be physical damage to “covered equipment”.

b. Business Income

- (1) We will pay your actual loss of “business income” during the “period of restoration”, when such loss results directly from the necessary total or partial interruption of your business.
- (2) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this Business Income coverage. However, we will not pay more than the amount that would otherwise have been payable under this Business Income coverage.
- (3) We will consider the actual experience of your business before the Covered Cause of Loss and the experience you probably would have had without the Covered Cause of Loss in determining the amount of our payment.

c. Extra Expense

We will pay the reasonable and necessary “extra expense” to operate your business during the “period of restoration”.

d. Civil or Military Authority

We will pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that results from a civil or military authority prohibiting access to a location covered under this policy due solely to a Covered Cause of Loss that causes damage to property within one mile of such location, provided that such action is taken in response to dangerous physical conditions

resulting from the Covered Cause of Loss, or to enable a civil or military authority to have unimpeded access to the damaged property.

e. Contingent Business Income and Extra Expense

We will pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that results from:

- (1) An “interruption of supply”; or
- (2) A Covered Cause of Loss to “covered equipment” at an “anchor location” that has been open for business for at least six months prior to the Covered Cause of Loss and is located within one mile of a location shown in the Declarations.

f. Course of Construction

This coverage is automatically included and does not need to be shown in the Declarations.

- (1) You will notify us promptly of any expansion or rehabilitation of any location covered under this policy.
- (2) All coverages applicable to any location covered under this policy are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time you begin the expansion or rehabilitation project.
- (4) We will charge you additional premium for newly acquired equipment from the date the equipment is installed.

g. Data Restoration

- (1) We will pay for your reasonable and necessary cost to research, replace or restore lost “data”.
- (2) We will pay for your reasonable and necessary cost to research, replace or restore “data” that is lost as the result of an “interruption of service”.
- (3) Coverage under (2) above applies to “data” stored in “covered equipment” or in the equipment of a “cloud or outsourced computing services” provider with whom you have a contract.
- (4) We will also pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that is the result of (1) and (2) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Data Restoration limit.

h. Demolition

- (1) This coverage applies if a Covered Cause of Loss damages a building that is “covered property” and the loss is increased by an ordinance or law that:
 - (a) Requires the demolition of a building that is otherwise repairable;
 - (b) Is in force at the time of the Covered Cause of Loss; and
 - (c) Is not addressed under A.2.i. Hazardous Substances or A.2.o. Mold.
- (2) We will pay for the following Additional Costs to comply with such ordinance or law:
 - (a) Your actual and necessary cost to demolish and clear the site of the undamaged parts of the building; and
 - (b) Your actual and necessary cost to reconstruct the undamaged parts of the building.
- (3) As used in this Demolition coverage, Additional Costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the Covered Cause of Loss.
- (4) We will also pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that is the result of (1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Demolition limit.

i. Expediting Expenses

With respect to your damaged “covered property”, we will pay the reasonable and necessary extra cost to:

- (1) Make temporary repairs; and

- (2) Expedite permanent repairs or replacement.

j. Future Loss Avoidance

- (1) This coverage only applies if you have received payment under this Equipment Breakdown Coverage for a Covered Cause of Loss that occurred on the premises of a location shown in the Declarations.
- (2) We will pay your costs to purchase and install Protective Equipment at the location of the loss as follows:
 - (a) Electrical surge protection or single phase Protective Equipment; or
 - (b) Other Protective Equipment if we agree that such equipment would reasonably reduce the likelihood of a future Covered Cause of Loss similar to the one for which you have received payment from us. We will not unreasonably withhold such agreement.
- (3) As used in this coverage, Protective Equipment means a permanently-installed physical device with the principal function of safeguarding one or more pieces of "covered equipment" from physical damage.
- (4) We must receive your invoices for any purchase and installation costs no later than 180 days after the date you receive the payment for the loss from us.
- (5) With respect to any "one equipment breakdown", the most we will pay is the lesser of the following:
 - (a) 10% of our Eligible Payment to you prior to any payment under this Future Loss Avoidance coverage; or
 - (b) The amount shown in the Declarations as the Future Loss Avoidance limit.
- (6) As used in this coverage, Eligible Payment means our total payment to you not including the following:
 - (a) Any deductible or coinsurance amount; or
 - (b) Any payment made after this policy has been cancelled or non-renewed.

k. Green

- (1) With respect to "covered property", we will pay for Additional Costs you incur:
 - (a) To repair damaged property using equipment, materials and service firms required or recommended by a Recognized Environmental Standards Program, if repair is the least expensive option as described in E.11.a. (part of Valuation condition);
 - (b) To replace damaged property using equipment, materials and service firms required or recommended by a Recognized Environmental Standards Program, if replacement is the least expensive option as described in E.11.a. (part of Valuation condition);
 - (c) To dispose of damaged property or equipment, if practicable, through a recycling process; and
 - (d) To flush out reconstructed space with up to 100% outside air using new filtration media.As used in this Green coverage, Additional Costs mean those beyond what would have been payable under this Equipment Breakdown Coverage in the absence of this Green coverage.
- (2) With respect to any building that is "covered property" which, at the time of the Covered Cause of Loss was certified by a Recognized Environmental Standards Program, we will pay for costs you incur:
 - (a) To prevent a lapse of such certification;
 - (b) To reinstate the certification or replace it with an equivalent certification;
 - (c) For an engineer authorized by a Recognized Environmental Standards Program to oversee the repair or replacement of the damaged "covered property"; and
 - (d) For a Professional Engineer to commission or recommission your damaged mechanical, electrical or electronic building systems.
- (3) We will also pay for your loss and expense as defined under A.2.b. Business Income and A.2.c.

Extra Expense that is the result of (1) and (2) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Green limit.

- (4) This Green coverage is subject to the following provisions:
 - (a) This coverage applies in addition to any coverage that may apply under E.11.d. Environmental, Safety and Efficiency Improvements, or any other applicable coverage.
 - (b) This coverage only applies to “covered property” that must be repaired or replaced as a direct result of a Covered Cause of Loss.
 - (c) This coverage does not apply to any property or equipment that is valued on an “actual cash value” basis under this policy.
- (5) As used in this Green coverage, Recognized Environmental Standards Program means one of the following:
 - (a) The United States Environmental Protection Agency ENERGY STAR® program;
 - (b) The U.S. Green Building Council LEED® program;
 - (c) The Green Building Initiative GREEN GLOBES® program; or
 - (d) Any nationally or internationally recognized environmental standards program that is designed to achieve energy savings and related objectives of the type included in the programs listed above.

I. Hazardous Substances

- (1) We will pay for the Additional Costs to repair or replace “covered property” because of contamination by a “hazardous substance”. This includes the additional expenses to clean up or dispose of such property. This does not include contamination of “perishable goods” by refrigerant, including, but not limited to, ammonia, which is addressed in A.2.w.(3) Refrigerant Contamination.
- (2) This coverage does not apply to testing, clean up or disposal of land, water or any other property that is not “covered property”.
- (3) As used in this Hazardous Substances coverage, Additional Costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.
- (4) We will also pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that is the result of (1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Hazardous Substances limit.

m. Miscellaneous Unnamed Locations

- (1) The following coverages are extended to apply to any “miscellaneous unnamed location”: A.2.a. Property Damage; A.2.g. Data Restoration; A.2.h. Demolition; A.2.i. Expediting Expenses; A.2.l. Hazardous Substances; A.2.o. Mold; and A.2.r. Ordinance or Law.
- (2) If limits or deductibles vary by location, the lowest limits and deductibles will apply to “miscellaneous unnamed locations”. However, the most we will pay for loss, damage or expense arising from any “one equipment breakdown” is the amount shown in the Declarations as the Miscellaneous Unnamed Locations limit.

n. Mobile Robots

- (1) We will pay for physical damage to “covered property” from a Covered Cause of Loss when the “covered equipment” is a “mobile robot”.
- (2) We will also pay for your loss and expense as defined under A.2.w. Spoilage and Consequential Damage that is the result of (1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Mobile Robots limit.
- (3) We will also pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that is the result of (1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Mobile Robots limit.
- (4) We will also pay for your loss and expense as defined under A.2.g. Data Restoration that is the

result of (1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Mobile Robots limit.

o. Mold

- (1) We will pay for the additional cost to repair or replace “covered property” because of contamination by mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast, resulting from a Covered Cause of Loss. This includes the Additional Costs to clean up or dispose of such property. This does not include “spoilage and consequential damage” of personal property that is “perishable goods” to the extent that such “spoilage and consequential damage” is covered under A.2.w. Spoilage and Consequential Damage.
- (2) As used in this Mold coverage, Additional Costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no mold, fungus, mildew, yeast, spores or toxins been involved.
- (3) We will also pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that is the result of (1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Mold limit.
- (4) We will also pay the cost of testing performed after repair or replacement of the damaged “covered property” is completed only to the extent that there is reason to believe there is the presence of mold, fungus, mildew, yeast, spores or toxins.

p. Newly Acquired Locations

- (1) You will notify us promptly of any newly acquired location that you have purchased or leased during the policy period.
- (2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location within the Coverage Territory that you have purchased or leased during the policy period.
- (3) This coverage begins at the time you acquire the property. With respect to newly constructed properties, we will only consider them to be acquired by you when you have fully accepted the completed project.
- (4) This coverage ends when any of the following first occurs:
 - (a) This policy expires;
 - (b) The number of days shown in the Declarations for this coverage expires after you acquire the location;
 - (c) The location is incorporated into the regular coverage of this policy; or
 - (d) The location is incorporated into the regular coverage of another Equipment Breakdown policy you have.
- (5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any “one equipment breakdown” is the amount shown in the Declarations as the Newly Acquired Locations limit.
- (6) We will charge you additional premium for newly acquired locations from the date you acquire the property.

q. Off Premises Equipment Breakdown

- (1) We will pay for physical damage to portable “covered equipment” that, at the time of the Covered Cause of Loss, is not at a location covered under this policy.
- (2) We will also pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that is the result of (1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Off Premises Equipment Breakdown limit.
- (3) We will also pay for your loss and expense as defined under A.2.g. Data Restoration that is the result of (1) above, if such coverage is otherwise applicable under this policy. This coverage is

included within and subject to your Off Premises Equipment Breakdown limit.

r. Ordinance or Law

- (1) This coverage applies if a Covered Cause of Loss damages a building that is “covered property” and the loss is increased by an ordinance or law that:
 - (a) Regulates the construction or repair of buildings, including “building utilities”;
 - (b) Is in force at the time of the Covered Cause of Loss; and
 - (c) Is not addressed under A.2.h. Demolition, A.2.i. Hazardous Substances or A.2.o. Mold.
- (2) We will pay for the following Additional Costs to comply with such ordinance or law:
 - (a) Your actual and necessary cost to repair the damaged portions of the building;
 - (b) Your actual and necessary cost to reconstruct the damaged portions of the building; and
 - (c) Your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3) As used in this Ordinance or Law coverage, Additional Costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the Covered Cause of Loss.
- (4) We will also pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that is the result of (1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Ordinance or Law limit.

s. Professional Fees

- (1) We will pay your reasonable expenses for professional fees for auditors, accountants, architects and engineers that are necessary to prepare a statement of loss or any other exhibits required in connection with a claim resulting from an insured loss payable under this Equipment Breakdown Coverage for which we have accepted liability.
- (2) This coverage does not include expenses or fees for any of the following:
 - (a) Your own employees;
 - (b) Consultation with any third party on coverage or negotiation of claims; or
 - (c) The services of attorneys or public adjusters.

t. Public Relations

- (1) This coverage only applies if you have sustained an actual loss of “business income” covered under this policy.
- (2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
 - (a) The media;
 - (b) The public; or
 - (c) Your customers, clients or members.
- (3) Such costs must be incurred during the “period of restoration” or up to 30 days after the “period of restoration” has ended.

u. Resultant Loss from a Cyber Event

We will pay for direct physical damage to “covered equipment” due to an “accident” or “electronic circuitry impairment” caused by or resulting from a “cyber event” when such “cyber event” occurs at a covered location. All such coverage is included within and subject to your Resultant Loss from a Cyber Event limit.

v. Service Interruption

We will pay for your loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that is the result of an “interruption of service”.

w. Spoilage and Consequential Damage

- (1) We will pay for physical damage to “perishable goods” due to “spoilage and consequential damage”.
- (2) We will also pay for physical damage to “perishable goods” due to “spoilage and consequential damage” that is the result of an “interruption of service”.
- (3) Refrigerant Contamination
We will also pay for physical damage to “perishable goods” due to contamination from the release of refrigerant, including, but not limited to, ammonia. If a separate limit is shown for Refrigerant Contamination, this amount is part of, and not in addition to, your Spoilage and Consequential Damage limit.
- (4) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this Spoilage and Consequential Damage coverage. However, we will not pay more than the amount that would otherwise have been payable under this Spoilage and Consequential Damage coverage.

B. EXCLUSIONS

We will not pay for any excluded loss, damage or expense, even though any other cause or event concurrently or in any sequence contributes to the loss, damage or expense.

1. We will not pay for loss, damage or expense caused by any of the following perils, whether directly or indirectly. This exclusion applies even if the excluded peril was caused by or was the result of a Covered Cause of Loss.
 - a. **Cyber Event**
Any “cyber event”, except as specifically provided in A.2.u. Resultant Loss from a Cyber Event.
 - b. **Earth Movement**
Earthquake, aftershocks, earth sinking, landslide, rockfall, sinkhole collapse, subsidence, tremors, tsunami, volcanic action or any other earth movement, all whether or not caused by or involving human activity.
 - c. **Failure to Protect Property**
Your failure to use all reasonable means to protect “covered property” from damage following a Covered Cause of Loss.
 - d. **Fines**
Fine, penalty or punitive damage.
 - e. **Fire and Explosion**
 - (1) Fire, including smoke from a fire.
 - (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
 - (3) Any other explosion, except as specifically provided in G.1.c. (part of the “Accident” definition).
 - f. **Freeze**
Freeze caused by cold weather.
 - g. **Infectious Agent**
Any “infectious agent”, including actual or suspected contamination by an “infectious agent”.
 - h. **Mobile Robots**
Any Covered Cause of Loss where the “covered equipment” is a “mobile robot”, except as specifically provided in A.2.n. Mobile Robots.
 - i. **Mold**
Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins, except as specifically provided in A.2.o. Mold. However, this exclusion does not

apply to “spoilage and consequential damage” of personal property that is “perishable goods” to the extent that such “spoilage and consequential damage” is covered under A.2.w. Spoilage and Consequential Damage.

j. Molten Material

Discharge of molten material from equipment, including the heat from such discharged material.

k. Nuclear, Biological or Chemical Hazard

- (1) Nuclear detonation, radiation or reaction; or radioactive contamination.
- (2) The deliberate, unlawful use or threatened use of any biological, chemical or radioactive agent, material, device or weapon.
- (3) Any actions taken to hinder, defend against or respond to (1) or (2) above.

l. Ordinance or Law

The enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in A.2.h. Demolition, A.2.i. Hazardous Substances, A.2.o. Mold and A.2.r. Ordinance or Law.

m. Vandalism

Vandalism, meaning a malicious act that causes damage or destruction. However, this exclusion does not apply to a “cyber event” to the extent that coverage is provided A.2.u. Resultant Loss from a Cyber Event.

n. War and Military Action

War and hostile action, including any of the following and any consequence of any of the following:

- (1) Cyber warfare, whether or not occurring in combination with physical combat;
- (2) Undeclared war;
- (3) Civil war;
- (4) Hostile action by military force or cyber measures, including action in hindering or defending against an actual or expected attack, by any Combatant; or
- (5) Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these, including cyber action in connection with any of the foregoing.

For purposes of this exclusion, cyber warfare, cyber measures and cyber action include, but are not limited to, the use of disruptive digital activities against a computer network or system with the intention to cause harm in order to further political or similar objectives, or to intimidate any person(s) in furtherance of such objectives, committed by a Combatant.

The attribution of an action to a Combatant will be determined by relying on reasonable evidence such as:

- (1) Statements by an impacted government, sovereign or other authority;
- (2) Statements by widely recognized international bodies (such as the United Nations) or alliances (such as the North Atlantic Treaty Organization); or
- (3) Consensus opinion within relevant expert communities such as the cyber security industry.

Decisions about the presence or absence of war, hostile action, and other terms used in this exclusion will take into consideration the full range of available tactics, weapons and technologies at the time of the event giving rise to the loss.

Combatant means, for purposes of this exclusion, a government, sovereign or other authority, or agents acting on their behalf.

o. Water

Flood; mudslide or mudflow; overflow of any body of water; storm surge, tidal waves; tides; surface water; water that discharges, overflows or backs up from a drain, sump or sewer; waves; or spray associated with any of the foregoing; all whether or not caused by or involving wind and whether or not caused by or involving human activity.

However, if electrical “covered equipment” requires drying out because of the above, we will pay for the amount you actually expend to dry out such equipment, subject to the applicable Property Damage limit and Direct Coverage deductible. We will not pay more than the “actual cash value” of

the affected electrical "covered equipment". We will not pay to replace such equipment or for any other loss, damage or expense.

p. Water Damage

Water Damage, meaning leakage or discharge of water or steam that results from the cracking or breaking apart of any part of a system or appliance containing water or steam.

2. We will not pay for loss, damage or expense caused directly or indirectly by any condition or event listed in a. through g. below, without regard to whether such condition or event is normal and expected or unusual and unexpected. However, if a condition or event that is listed in a. through g. below results in a Covered Cause of Loss and no other exclusion applies, we will pay only for the loss, damage or expense that is a direct result of and solely attributable to the Covered Cause of Loss.
 - a. Depletion, deterioration, rust, corrosion, erosion, settling or wear and tear;
 - b. Any gradually developing condition;
 - c. Any defect, error or shortcoming in design or installation;
 - d. Any undercapacity, underperformance, failure to perform as expected or failure to perform as designed;
 - e. Any defect, programming error, programming limitation, loss of "data", loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind;
 - f. Contamination by a "hazardous substance";
 - g. Misalignment, miscalibration, tripping off-line or any condition which can be corrected by:
 - (1) Resetting, tightening, adjusting or cleaning;
 - (2) Normal maintenance, including, but not limited to, replacing expendable parts, recharging batteries or cleaning;
 - (3) Rebooting, reloading or updating software or firmware; or
 - (4) Providing necessary power or supply.
3. We will not pay for a Covered Cause of Loss caused by or resulting from any of the following perils:
 - a. Lightning.
 - b. Windstorm or Hail. However, this exclusion does not apply when:
 - (1) "Covered equipment" located within a structure or building suffers a Covered Cause of Loss that results from wind-blown dust, rain, sand or snow; and
 - (2) The structure or building did not first sustain wind or hail damage to its roof or walls through which the dust, rain, sand or snow entered.
 - c. Collision or any physical contact caused by or involving a "vehicle" or "mobile robot".
 - d. Riot or Civil Commotion.
 - e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is a component of such system.
 - f. Volcanic Action.
 - g. An electrical insulation breakdown test.
 - h. A hydrostatic, pneumatic or gas pressure test.
 - i. Any means, whether or not successful, intended to extinguish a fire.
 - j. Elevator collision.
 - k. Smoke, but not including smoke from industrial operations or agricultural smudging.
4. We will not pay for a Covered Cause of Loss caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.
 - a. Falling Objects. However, this exclusion does not apply to:

- (1) Personal property located outside the walls of a structure or building; or
- (2) Loss or damage to property located within a structure or building, unless a falling object first damages the roof or exterior wall of the structure or building.
- b. Weight of Snow, Ice or Sleet.
- c. Collapse.
- 5. Exclusions 3. and 4. do not apply if all of the following are true:
 - a. The excluded peril occurs away from any location covered under this policy and causes an electrical surge or other electrical disturbance;
 - b. Such surge or disturbance is transmitted through utility service transmission lines to the covered location;
 - c. At the covered location, the surge or disturbance results in a Covered Cause of Loss to “covered equipment” that is owned or operated under the control of you or your landlord; and
 - d. The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.
- 6. With respect to A.2.b. Business Income, A.2.c. Extra Expense and A.2.v. Service Interruption, we will also not pay for:
 - a. Loss associated with business that would not have taken place even if the Covered Cause of Loss had not occurred;
 - b. Loss caused by your failure to use all reasonable means and appropriate speed to resume business;
 - c. That part of any loss that extends beyond or occurs after the “period of restoration”. This includes, but is not limited to:
 - (1) “Business income” that would have been earned after the “period of restoration”, even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the “period of restoration”; and
 - (2) “Extra expense” to operate your business after the “period of restoration”, even if such loss is contracted for and paid during the “period of restoration”.
 - d. Any increase in loss resulting from an agreement between you and your customer, supplier or contractor. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.
- 7. With respect to A.2.d. Civil or Military Authority, A.2.e. Contingent Business Income and Extra Expense, A.2.g.(2) (part of Data Restoration coverage), A.2.q. Off Premises Equipment Breakdown, A.2.v. Service Interruption and A.2.w.(2) (part of Spoilage and Consequential Damage coverage), we will also not pay for:
 - a. A Covered Cause of Loss caused by or resulting from any of the perils listed in Exclusion 4. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance you have;
 - b. Any direct or indirect loss, damage or expense caused by or resulting from a “cyber event”.
- 8. With respect to A.2.g. Data Restoration, we will also not pay to reproduce:
 - a. Software programs or operating systems that are not commercially available; or
 - b. “Data” that is obsolete, unnecessary or useless to you.
- 9. With respect to A.2.h. Demolition and A.2.r. Ordinance or Law, we will also not pay for:
 - a. Increased demolition or reconstruction costs until they are actually incurred; or
 - b. Loss due to any ordinance or law that:
 - (1) You were required to be in compliance with before the loss, even if the building was undamaged; and
 - (2) You failed to be in compliance with;

whether or not you were aware of such non-compliance.

10. With respect to A.2.q. Off Premises Equipment Breakdown, we will also not pay for “spoilage and consequential damage” to any “perishable goods”.

C. LIMITS OF INSURANCE

Any payment made under this Equipment Breakdown Coverage will not be increased if multiple insureds are shown in the Declarations or if you are comprised of more than one legal entity.

1. Equipment Breakdown Limit

The most we will pay for loss, damage or expense arising from any “one equipment breakdown” is the amount shown in the Declarations as the Equipment Breakdown Limit.

2. Coverage Limits

- a. The limit of your insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any “one equipment breakdown” is the amount shown in the Declarations for that coverage. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the Covered Cause of Loss. If a coverage is shown as “Included”, that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown in the Declarations as Excluded, that coverage will be considered to have a limit of \$0.
- b. Loss arising from any “one equipment breakdown” may continue to be present or recur in a later policy period. This includes, but is not limited to, loss arising from mold, fungus, mildew or yeast as covered under A.2.o. Mold. In such a case, the most we will pay for all loss, damage or expense arising out of any “one equipment breakdown” is the coverage limit applicable at the time of the Covered Cause of Loss.
- c. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:
 - (1) You have a loss under one of the coverages listed in A.2.; and
 - (2) All or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of your loss,

we will not pay the remaining amount of such loss under any other coverage.

EXAMPLE 1

Property Damage Limit: \$7,000,000

Business Income Limit: \$1,000,000

Newly Acquired Locations Limit: \$500,000

There is a Covered Cause of Loss at a newly acquired location that results in a Property Damage loss of \$200,000 and a Business Income loss of \$800,000.

We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000.

EXAMPLE 2

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is a Covered Cause of Loss that results in a loss of \$100,000. If no “hazardous substance” had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the “hazardous substance” increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).

D. DEDUCTIBLES

1. Deductibles for Each Coverage

- a. Unless shown in the Declarations that your deductible is combined for all coverages, multiple deductibles may apply to any “one equipment breakdown”.
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount shown in the Declarations for that coverage. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit shown in the Declarations.
- c. If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one equipment breakdown”, only the highest deductible for each coverage will apply.

2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles or Business Income Deductibles may be shown in the Declarations.
- b. Unless more specifically shown in the Declarations:
 - (1) Direct Coverages Deductibles apply to all loss, damage or expense covered by this Equipment Breakdown Coverage with the exception of Business Income and Extra Expense loss, regardless of where such Business Income and Extra Expenses coverage is provided in this Equipment Breakdown Coverage; and
 - (2) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage.

EXAMPLE

A Covered Cause of Loss results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$ 35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration coverage)

\$ 5,000 Extra Expense Loss

In this case, the Indirect coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct coverages loss totals the remaining \$60,000 before application of the Direct Coverage Deductible.

3. Application of Deductibles

a. Dollar Deductibles

Until the amount of covered loss, damage or expense resulting from any “one equipment breakdown” exceeds the applicable deductible shown in the Declarations, we will not pay for any such covered loss, damage or expense. After the amount of covered loss, damage or expense resulting from any “one equipment breakdown” exceeds the applicable deductible shown in the Declarations, we will pay the amount of such covered loss, damage or expense that is in excess of the applicable deductible. However, we will not pay more than the applicable limits shown in the Declarations.

b. Time Deductibles

If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the Covered Cause of Loss. If a time deductible is expressed in days, each day will mean twenty-four consecutive hours.

c. Multiple of Average Daily Value (ADV) Deductibles

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the “business income” that would have been earned during the period of interruption had no Covered Cause of Loss occurred, divided by the number of working days in that period. The ADV applies to the “business income” value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the

loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the “period of restoration”.

The number shown in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

EXAMPLE

Business is interrupted, partially or completely, for 10 working days. If there had been no Covered Cause of Loss, the total “business income” at the affected location for those 10 working days would have been \$5,000. The Indirect Coverages Deductible is 3 Times ADV.

$$\$5,000 / 10 = \$500 \text{ ADV}$$

$$3 \times \$500 = \$1,500 \text{ Indirect Coverages Deductible}$$

d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.

e. Horsepower Deductibles

If a deductible is expressed as a function of horsepower, the indicated amount per horsepower will be multiplied by the horsepower rating of the applicable “covered equipment”. The resulting amount will apply as a Dollar Deductible. If the resulting amount is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible. If the “covered equipment” is an air conditioning or refrigeration system, the indicated amount per horsepower will be multiplied by the horsepower rating of the system’s largest motor or compressor. If systems or components are rated in tonnage of cooling capacity, each ton of rated capacity will be converted to horsepower in accordance with the following chart:

Horsepower Equivalent Per One Ton of Rated Cooling Capacity	
Centrifugal Compressor System	0.7 hp
Hermetic Scroll Compressor System	1.0 hp
Reciprocating Compressor System	1.5 hp
Screw Compressor System	1.5 hp
All Other Systems	4.7 hp

E. LOSS CONDITIONS

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

1. Abandonment

No property can be abandoned to us.

2. Brands and Labels

- a. This provision applies when merchandise with a brand or label that is “covered property” has been damaged by a Covered Cause of Loss but retains a salvage value.
- b. When this provision applies, you may remove the brands or labels or stamp the word SALVAGE on the merchandise or its containers, provided that such removal or stamping will not cause physical damage to the merchandise. If you remove the brands or labels, you must re-label the merchandise or its containers as needed to comply with all applicable laws.
- c. We will pay for any reduction in value of the salvage merchandise resulting from the removal or stamping described in b. above, subject to all applicable limits.

- d. We will also pay the reasonable and necessary expenses you incur to perform the removal or stamping described in b. above. However, we will not pay more than the amount recoverable from salvage.
- e. If a Brands and Labels Limit is shown in the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

3. Coinsurance - Business Income Coverage

Business Income coverage may be subject to coinsurance if so shown in the Declarations. If Business Income Coinsurance is shown in the Declarations as applicable, the following Condition applies.

- a. We will not pay the full amount of any “business income” loss if the “business income actual annual value” is greater than the “business income estimated annual value” at the affected location at the time of the Covered Cause of Loss. We will instead use the following steps to determine the most we will pay:
 - (1) Divide the “business income estimated annual value” by the “business income actual annual value” at the time of the Covered Cause of Loss;
 - (2) Multiply the total amount of the covered loss of “business income” by the amount determined in paragraph (1) above;
 - (3) Subtract the applicable deductible from the amount determined in paragraph (2) above;The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. For the remainder, you will have to absorb the loss yourself or rely on other insurance.
- b. Coinsurance applies separately to each insured location.
- c. If you report a single “business income estimated annual value” for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.

EXAMPLE 1 (Underinsurance)

When:

The “business income actual annual value” at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The “business income estimated annual value” shown in the Declarations for the location of loss is \$100,000.

The actual loss of “business income” resulting from the Covered Cause of Loss is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$100,000 / \$200,000 = .5$

Step 2: $\$40,000 \times .5 = \$20,000$

Step 3: $\$20,000 - \$5,000 = \$15,000$

The total “business income” loss recovery, after deductible, would be \$15,000. For the remainder, you will have to absorb the loss yourself or rely on other insurance.

We will also charge you an additional premium in recognition of the actual “business income annual value”.

EXAMPLE 2 (Adequate insurance)

When:

The “business income actual annual value” at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The “business income estimated annual value” shown in the Declarations for the location of loss is \$200,000.

The actual loss of "business income" resulting from the Covered Cause of Loss is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$200,000 / \$200,000 = 1$

Step 2: $\$40,000 \times 1 = \$40,000$

Step 3: $\$40,000 - \$5,000 = \$35,000$

The total "business income" loss recovery, after deductible, would be \$35,000.

4. Defense

We have the right, but are not obligated, to defend you against suits brought by owners of property in your care, control or custody. When we do this, it will be at our expense.

5. Duties in the Event of Loss or Damage

In the event of loss or damage, you must see that the following are done:

- a. Promptly give us notice of the loss or damage and the property involved.
- b. You must reduce your loss, damage or expense, if possible, by:
 - (1) Protecting property from further damage. We will not pay for your failure to protect property, as stated in Exclusion B.1.c.;
 - (2) Resuming business, partially or completely, at the location of loss or at another location;
 - (3) Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
 - (4) Using merchandise or other property available to you;
 - (5) Using the property or services of others; and
 - (6) Salvaging the damaged property.
- c. Other than measures you take that are necessary to protect from further loss or damage, allow us a reasonable opportunity and time to examine the premises and property before removing physical evidence of the Covered Cause of Loss or repairing or replacing property.
- d. Make no statement without our consent that will assume any obligation or admit any liability, for any loss, damage or expense for which we may be liable.
- e. Promptly send us any legal papers or notices received concerning the loss, damage or expense.
- f. Permit us to do the following as often as may be reasonably required:
 - (1) Inspect your premises, property and records;
 - (2) Take samples of property, both damaged and undamaged, for analysis, inspection and testing;
 - (3) Make copies from your books, data and records.
- g. If requested, permit us to examine you and any of your agents, employees and representatives under oath and while not in one another's presence. Such examination may be:
 - (1) At any time reasonably required;
 - (2) About any matter relating to this insurance, your loss, damage or expense, or your claim, including, but not limited to, your books and records; and
 - (3) Recorded by us by any methods we choose.
- h. Provide us with a proof of loss that is signed and sworn and contains the information we request. You must provide us with such proof of loss within 60 days of our request.
- i. Work cooperatively with us to facilitate the investigation and settlement of the claim.

6. Errors and Omissions

- a. We will pay your loss covered by this Equipment Breakdown Coverage if such loss is otherwise not payable solely because of any error or unintentional omission regarding:

- (1) The location or description of property as insured under this policy;
- (2) The premises that you own or occupy at the inception of this policy; or
- (3) The cancellation of any premises that had been insured under this policy.
- b. An error or unintentional omission in the coverage you request or the values you report will not result in any coverage under this Condition.
- c. You agree, as a condition of this coverage, to report and correct such errors or unintentional omissions when you discover them.
- d. You agree, as a condition of this coverage, to pay the appropriate additional premium for any additional premises covered by this Condition. Such premium will reflect the date the premises would have been insured under this policy if no error or omission had occurred.
- e. If an Errors and Omissions Limit is shown in the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

7. Joint or Disputed Loss Agreement

- a. The purpose of this Condition is to facilitate insurance claim payments when:
 - (1) A commercial property policy is in effect in addition to this equipment breakdown policy;
 - (2) There is physical damage to “covered property” that is also insured by the commercial property policy; and
 - (3) The commercial property insurer does not agree with us regarding how much of the loss, if any, should be paid under each policy.
- b. This Condition does not apply if:
 - (1) We do not:
 - (a) Admit liability for the loss; or
 - (b) Contend that the commercial property insurer’s policy should provide coverage for the loss;
 - And
 - (2) The commercial property insurer does not:
 - (a) Admit liability for the loss; or
 - (b) Contend that our policy should provide coverage for the loss.
- c. This Condition applies only when all of the following requirements are met:
 - (1) At the time of the loss, the commercial property policy includes a similar provision with substantially the same conditions, procedures and requirements as those contained in this Condition.
 - (2) There is a Joint Loss or Disputed Loss as defined below.
 - (3) You, the commercial property insurer and we all agree on the total amount of the insured loss.
- d. As used in this Condition:
 - (1) Joint Loss means that both the commercial property insurer and we admit to some liability for payment under our respective policies.
 - (2) Disputed Loss means that the commercial property insurer and we agree that there is some liability under one policy or the other, but disagree about which policy is liable for the loss. Disputed Loss includes a case where one insurer contends that there is liability under both policies while the other insurer contends that the entire loss is covered under the other insurer’s policy.
- e. If the requirements of this Condition are satisfied, the agreed amount of insured loss will be paid to you as follows:
 - (1) After your written request, we and the commercial property insurer will each pay you the entire amount of loss, if any, that we have agreed as being covered by our respective policies, and each of us will also pay you 50% of the amount of the insured loss that is in disagreement.
 - (2) Payments of the amounts that are in disagreement, as described in (1) above, do not alter,

surrender or waive any rights of any insurer against any other.

- (3) The amount in disagreement to be paid by us under this Condition will not exceed the amount payable under the equivalent condition of the commercial property policy.
- (4) The amount payable under this Condition will not exceed the amount we would have paid if there had not been a commercial property policy in effect at the time of loss. In no event will we pay more than the Equipment Breakdown Limit or other applicable coverage limit.
- (5) Your acceptance of sums paid under this Condition does not alter, surrender or waive any other rights against us.

f. **Arbitration**

- (1) We, along with the commercial property insurer, agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this Condition.
- (2) You agree to cooperate with any arbitration process triggered by this Condition.
- (3) We will appoint one arbitrator and the commercial property insurer will appoint one arbitrator. These two arbitrators may agree on a third arbitrator. Alternatively, either arbitrator may request that the selection of a third arbitrator be made by a judge of a court having jurisdiction in this matter.
- (4) When a decision on the arbitrated dispute is agreed to by any two of the three arbitrators, such decision will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

g. **Settlement Terms**

When an insurer is found by the decision of the arbitration panel to be responsible for more of the disputed loss than the 50% share that the insurer initially paid in accordance with this Condition, that insurer must pay the following to the other insurer:

- (1) The portion of the disputed loss in excess of 50% that the insurer has been found to be responsible for.
- (2) Liquidated Damages on the amount owed under (1) above. As used in this Condition, Liquidated Damages means interest from the date the insured invokes this Condition to the date the amount under (1) above is paid. The interest rate will be the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages multiplied by 1.5.

Each insurer will also owe for its share of the arbitration expenses. These expenses will be divided between the insurers in proportion to how the disputed loss is apportioned.

- h. At the time of the loss, if there is more than one applicable commercial property insurer, the conditions, procedures and requirements under this Condition will apply to all such insurers. Any payments due under this Condition will be divided among such commercial property insurers in the same manner as any other covered commercial property loss. Similarly, at the time of the loss, if there is more than one applicable equipment breakdown insurer, the conditions, procedures and requirements under this Condition will apply to all such insurers. Any payments due under this Condition will be divided among such equipment breakdown insurers in the same manner as any other covered equipment breakdown loss.

8. Knowledge of Occurrence

We will not consider you to have knowledge of an occurrence based only on the knowledge of your agent or employee, unless such person is your principal, partner, officer or risk manager.

9. Proving Your Loss

It is your responsibility, at your own expense, to provide documentation to us:

- a. Demonstrating that the loss, damage or expense is the result of a Covered Cause of Loss covered under this Equipment Breakdown Coverage; and
- b. Except as specifically provided for in A.2.s. Professional Fees, calculating the dollar amount of the loss, damage and expense that you claim is covered.

Your responsibility in a. above is without regard to whether or not the possible Covered Cause of Loss occurred at your premises or involved your equipment.

10. Salvage and Recoveries

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss will be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other will be paid promptly.

11. Valuation

We will determine the value of "covered property" as follows:

- a. Except as specified otherwise, our payment for damaged "covered property" will be the least expensive of:
 - (1) The cost to repair the damaged property;
 - (2) The cost to replace the damaged property on the same site; or
 - (3) The amount you actually spend that is necessary to replace or repair the damaged property.
- b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property. This will not include costs to research or correct defects, errors or shortcomings in the design or installation of the "covered property".
- c. Except as described in d. below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- d. Environmental, Safety and Efficiency Improvements**

If "covered equipment" or its component part(s) requires replacement due to a Covered Cause of Loss, we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people or more energy or water efficient than the equipment being replaced, subject to the following conditions:

 - (1) We will not pay more than 150% of what the cost would have been to replace with like kind and quality;
 - (2) We will not pay to increase the size or capacity of the equipment;
 - (3) This provision only applies to Property Damage coverage;
 - (4) This provision does not increase any of the applicable limits; and
 - (5) This provision does not apply to any property valued on an "actual cash value" basis.
- e. Consequential Loss to Undamaged Stock**

Our payment for damaged "covered property" will include compensation for undamaged Stock that loses market value or requires additional expense because of the damage to the "covered property". As used in this provision, Stock means:

 - (1) Raw materials;
 - (2) Materials in process;
 - (3) Finished products, and associated packing and shipping supplies; and
 - (4) Merchandise at warehouse or retail locations.
- f. The following property will be valued on an "actual cash value" basis:
 - (1) Any property that does not currently serve a useful or necessary function for you;
 - (2) Any "covered property" that you do not repair or replace within 24 months after the date of the Covered Cause of Loss; and
 - (3) Any "covered property" for which Actual Cash Value coverage is shown in the Declarations.
- g. If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:

- (1) The property was manufactured by you;
 - (2) The sales price of the property is less than the replacement cost of the property; or
 - (3) You are unable to replace the property before its anticipated sale.
- h. Except as specifically provided for under A.2.g. Data Restoration, "data" and "media" will be valued on the following basis:
- (1) For mass-produced and commercially available software, at the replacement cost.
 - (2) For all other "data" and "media", at the cost of blank "media" for reproducing the records. We will not pay for "data" representing financial records based on the face value of such records.

F. ADDITIONAL CONDITIONS

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

1. Additional Insured

We will consider a person or entity shown in the Declarations as an additional insured to be an insured under this Equipment Breakdown Coverage, but only to the extent of their interest in the "covered property".

2. Adjustment of Premium

- a. The premium charged at the inception of each policy year is an advance premium. When we receive updated insurable values from you or when we determine updated insurable values through an audit or claim adjustment, we will determine an adjusted premium for this insurance.
- b. If the adjusted premium is less than the advance premium, we will return to you the excess premium. Such excess premium will not exceed 75% of the advance premium.
- c. If the adjusted premium is greater than the advance premium, we will charge the additional premium based on your reports of value.

3. Bankruptcy

In the event of your bankruptcy or insolvency, our obligations and your obligations under this Equipment Breakdown Coverage will continue unchanged.

4. Concealment, Misrepresentation or Fraud

We will not pay for any loss and coverage will be void if you or any additional insured at any time intentionally:

- a. Cause or allow loss, damage or expense in order to collect on insurance; or
- b. Misrepresent or conceal a material fact with respect to:
 - (1) This Equipment Breakdown Coverage;
 - (2) The "covered property" or your interest in the "covered property"; or
 - (3) A claim under this Equipment Breakdown Coverage.

5. Jurisdictional Inspections

It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any "covered equipment" that is "covered property" requires inspection to comply with such regulations, at your option we agree to perform such inspection. We are only able to perform such inspections at locations that you have reported to us.

6. Legal Action Against Us

Under this Equipment Breakdown Coverage, legal action may only be brought against us if:

- a. All the terms of this Equipment Breakdown Coverage have been fully complied with; and
- b. The date that such legal action is brought against us is within two years of the date of the Covered Cause of Loss; or
- c. You have an obligation to pay for damage to "covered property" of others that we have agreed to in writing and the amount of that obligation has not yet been determined by final judgment or arbitration award.

No third party can bring us into an action under this policy to determine your liability.

7. Liberalization

This provision applies if, without charging additional premium, we broaden our standard form for Equipment Breakdown Coverage. When this provision applies, the broadened coverage will apply to this policy commencing on the date that the broadened Equipment Breakdown form becomes effective in the jurisdiction where the Covered Cause of Loss occurs.

8. Losses Payable

- a. We will pay losses covered under this Equipment Breakdown Coverage to you and, as interests in the “covered property” may appear, to each loss payee shown in the Declarations. However, we will not pay losses to any loss payee when the loss arises from conversion, embezzlement or secretion on your part or on the part of the loss payee.
- b. The loss payee’s interest in this policy will end upon policy cancellation. If we cancel this policy, we will provide the same written notice to the loss payee that we will provide to you.
- c. We will obtain the loss payee’s rights against any third party to the extent of our payment to the loss payee.

9. Maintaining Your Property and Equipment

It is your responsibility to appropriately maintain your property and equipment. We will not pay your costs to maintain, operate, protect or enhance your property or equipment, even if such costs are to comply with our recommendations or prevent loss, damage or expense that would be covered under this policy.

10. Mortgage Holders and Lender’s Loss Payable

- a. We will pay losses covered under this Equipment Breakdown Coverage to you and, as interests in the “covered property” may appear, to each Mortgage Holder and Lender Loss Payee shown in the Declarations, in their order of precedence.
- b. Mortgage Holders and Lender Loss Payees will not lose their right to receive loss payment due to having started foreclosure or similar action with respect to the “covered property”.
- c. We may deny your claim because of your actions or because of your failure to comply with the terms of this Equipment Breakdown Coverage. In such case, we will pay any applicable Mortgage Holder or Lender Loss Payee their applicable interest in such loss, provided that such Mortgage Holder or Lender Loss Payee does all of the following:
 - (1) Complies with all terms of this Equipment Breakdown Coverage;
 - (2) Notifies us of any material change in risk or change in ownership with respect to the “covered property”;
 - (3) At our request, pays any premium for this Equipment Breakdown Coverage that is due and that you have failed to pay; and
 - (4) Within 60 days of being informed by us that you have failed to provide a proof of loss, submit to us a proof of loss statement that is signed and sworn.

If these conditions are met, the terms of this Equipment Breakdown Coverage will then apply directly to the applicable Mortgage Holder or Lender Loss Payee.

- d. If we make a payment to a Mortgage Holder or Lender Loss Payee as described in c. above:
 - (1) To the extent of the amount we pay, the rights of such Mortgage Holder or Lender Loss Payee will be transferred to us; and
 - (2) Such payment will not impair the rights of such Mortgage Holder or Lender Loss Payee to recover the full amount of their claim.

At our option, we may pay to a Mortgage Holder or Lender Loss Payee the outstanding principal on the applicable debt plus any accrued interest. In such case, we will hold the mortgage or debt and you will make your remaining mortgage or debt payments to us.

- e. If we cancel this policy, we will give any Mortgage Holder or Lender Loss Payee written notice at least:
 - (1) 10 days prior to the effective date of cancellation if our reason for cancellation is nonpayment of

premium; or

- (2) 30 days prior to the effective date of cancellation if our reason for cancellation is anything other than nonpayment of premium.
- f. We will give any Mortgage Holder or Lender Loss Payee written notice at least 10 days prior to the expiration date of this policy if we choose not to renew this policy.
- g. If we suspend coverage, we will give written notice of the suspension to any Mortgage Holder or Lender Loss Payee.

11. Other Insurance

If there is other insurance that applies to the same loss, damage or expense, this Equipment Breakdown Coverage will apply only as excess insurance after all other applicable insurance has been exhausted.

12. Policy Period, Coverage Territory

Under this Equipment Breakdown Coverage:

- a. The Covered Cause of Loss must occur during the policy period, but expiration of the policy does not limit our liability.
- b. Except as specified in c. through e. below, the Covered Cause of Loss must occur within the following coverage territory:
 - (1) The fifty states of the United States of America;
 - (2) The District of Columbia;
 - (3) Puerto Rico; and
 - (4) The United States Virgin Islands.
- c. Only with respect to an "interruption of service" or an "interruption of supply", the Covered Cause of Loss may also occur in Canada.
- d. Only with respect to any "interruption of service" involving "cloud or outsourced computing services", the Covered Cause of Loss may occur anywhere in the world, except within any country on which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
- e. Only with respect to A.2.q. Off Premises Equipment Breakdown, the Covered Cause of Loss may occur anywhere in the world, except within any country on which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.

13. Privilege to Adjust with Owner

If a claim under this Equipment Breakdown Coverage involves loss, damage or expense to property of others in your care, control or custody, we have the right to settle that portion of the claim with the owner of the property.

14. Report of Values

You must report insurable values to us at least once a year.

15. Subrogation (Transfer of Rights of Recovery Against Others to Us)

- a. The following applies to you and any other person or entity to whom we make a loss payment under this Equipment Breakdown Coverage:
 - (1) To the extent of our payment, we will obtain the rights of such person or entity against any third party; and
 - (2) After the Covered Cause of Loss, such person or entity must take all reasonable actions to protect and secure our rights and must not take any actions to hinder or impair our rights.
- b. **Waiver of Subrogation**

Prior to a Covered Cause of Loss, you may waive your rights against another party, but such waiver must be documented in writing. After a Covered Cause of Loss, you may waive your rights against another party, but only if the other party is:

 - (1) An entity that owns or controls you or that you own or control; or

(2) A person or entity insured under this Equipment Breakdown Coverage.

16. Suspension

Any of our representatives may immediately suspend the insurance under this Equipment Breakdown Coverage with respect to any "covered equipment" that is found to be in a dangerous condition or exposed to a dangerous condition. They may do this by mailing or delivering a written notice of suspension to:

- a. Your address most recently known to us; or
- b. The address where the applicable "covered equipment" is located.

The only way we may reinstate insurance for the suspended "covered equipment" is by issuing an endorsement to this policy.

We will refund the premium applicable to the suspended "covered equipment", pro-rated for the period of suspension. However, the suspension will be effective immediately, whether or not we have offered or made the refund.

G. DEFINITIONS

1. "Accident"

"Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:

- a. Mechanical Breakdown, including physical damage caused by centrifugal force. As used in this definition, Mechanical Breakdown means an occurrence involving one or more moving parts of machinery that causes such machinery to operate improperly or to cease operating.
- b. Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires.
- c. Explosion, other than combustion explosion, of steam boilers, steam engines, steam piping or steam turbines.
- d. Sudden physical damage not otherwise excluded occurring inside:
 - (1) Steam boilers, steam engines, steam piping or steam turbines; or
 - (2) Hot water boilers or other equipment used solely to heat water.
- e. Bursting, cracking or splitting. However, this does not include any bursting, cracking or splitting associated with an explosion, unless such explosion is an "accident" as defined in c. above.

2. "**Actual Cash Value**" means the replacement cost for parts, equipment or other property less Depreciation. However, the "actual cash value" will not be less than 25% of the actual replacement cost. As used above, Depreciation means the ratio of the age of the property at the time of loss to its expected useful life.

Depreciation will not be applied to labor or other costs necessary to complete the repair or replacement.

3. "**Anchor Location**" means a location, operated by others, upon which you depend to attract customers to your location shown in the Declarations.

4. "**Boilers and Vessels**" means:

- a. Boilers;
- b. Piping, valves or fittings that:
 - (1) Convey steam; or
 - (2) Are part of a closed loop system connected to a boiler.
- c. Condensate tanks; and
- d. Fired or unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

5. "**Building Utilities**" means "covered equipment" permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical

power, hot water, elevator or escalator services, central vacuum, natural gas service or communications. "Building utilities" does not include personal property or equipment used in manufacturing or processing.

6. "Buried Vessels or Piping"

- a. "Buried vessels or piping" means any piping, valve, fitting or vessel that is buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair. Such equipment will be considered "buried vessels or piping" if any portion is buried or encased, whether or not the entire piece of equipment is buried or encased and whether or not the equipment is connected to other equipment that is not buried or encased.
- b. None of the following is "buried vessels or piping":
 - (1) Any piping, valve, fitting or vessel within a building. However, such equipment will not be considered within a building if it is partly or entirely beneath the building's foundation.
 - (2) Any piping, valve, fitting or vessel within a tunnel through which people can pass and that connects two or more buildings.
 - (3) Any piping, valve or fitting that is part of a closed loop geothermal system.
 - (4) A pressure vessel used as the cylinder of a hydraulic elevator.

7. "Business Income" means the sum of:

- a. The net profit or loss that would have been earned or incurred, prior to income taxes; and
- b. Normal and necessary continuing operating expenses incurred, including employee payroll.

8. "Business Income Actual Annual Value" means the "business income" for the current fiscal year that would have been earned had no Covered Cause of Loss occurred.

In calculating the "business income actual annual value", we will take into account the actual experience of your business before the Covered Cause of Loss and the experience you probably would have had without the Covered Cause of Loss.

9. "Business Income Estimated Annual Value" means the anticipated "business income" reported to us and shown in the Declarations. If no value is shown in the Declarations, the "business income estimated annual value" will be the most recent report of anticipated "business income" values on file with us.

10. "Cloud or Outsourced Computing Services" means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. "Cloud or outsourced computing services" include private clouds if such services are owned and operated by a third party.

11. "Covered Equipment"

- a. "Covered equipment" means the following:
 - (1) Unless specified otherwise in the Declarations:
 - (a) Equipment that generates, transmits or utilizes energy; or
 - (b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

"Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.
 - (2) Except as specifically provided for under A.2.d. Civil or Military Authority, A.2.e. Contingent Business Income and Extra Expense, A.2.g.(2) (part of Data Restoration coverage), A.2.v. Service Interruption, and A.2.w.(2) (part of Spoilage and Consequential Damage coverage), such equipment must be "covered property".
- b. None of the following is "covered equipment":
 - (1) Structures, including, but not limited to, the structural portions of buildings, towers or scaffolding.
 - (2) Foundations.
 - (3) Cabinets, compartments, conduits or ductwork.

- (4) Insulating or refractory materials or glass linings.
- (5) Dies, patterns or forms.
- (6) "Buried vessels or piping".
- (7) Waste, drainage or sewer piping.
- (8) Piping, valves or fittings forming a part of a sprinkler or fire suppression system.
- (9) Piping, valves or fittings used to convey water. However, the following is "covered equipment":
 - (a) Piping, valves or fittings that are part of a closed loop connected to a boiler or a refrigeration or air conditioning system; and
 - (b) Valve actuators.
- (10) "Vehicles".
- (11) Equipment mounted on a "vehicle".
- (12) Satellites, spacecraft or any equipment mounted on a satellite or spacecraft.
- (13) Draglines, excavation or construction equipment.
- (14) Equipment that you have manufactured for sale.
- (15) Equipment of others that you modify, maintain or test as a professional service.
- (16) "Data".

12. "Covered Property"

- a. "Covered Property" means property owned by you. "Covered property" also means property for which you are legally liable, if such property is in your care, control or custody. All "covered property" must be at a location covered under this policy, except as provided under A.2.q. Off Premises Equipment Breakdown.
- b. None of the following is "covered property":
 - (1) Accounts, bills, currency, deeds, evidences of debt, money, notes or securities, including electronic contracts, currencies and securities;
 - (2) Fine arts, jewelry, furs or precious stones;
 - (3) Artifacts, fossils, relics or any rare items of cultural, historical or scientific interest;
 - (4) Organs, tissues, blood or any biological samples or materials;
 - (5) Precious metal, unless forming a part of "covered equipment";
 - (6) Catalysts or molecular sieves;
 - (7) Animals;
 - (8) Land (including land on which a building, structure or other property is located), lawns, trees or water; or
 - (9) Growing crops, plants or shrubs unless such crops, plants or shrubs are in a controlled environment within a structure or building.

13. "Cyber Event" means a hostile, illegal or transgressive act committed through electronic systems. This includes, but is not limited to, hacking, a denial of service attack or the deployment of malware. However, this does not include any act as excluded in B.1.n. War and Military Action.

14. "Data" means information or instructions stored in digital code capable of being processed by machinery.

15. "Electrical Distribution Equipment Including Transformers"

- a. "Electrical distribution equipment including transformers" means the following "covered equipment" when used to distribute electricity to connected equipment:
 - (1) Electrical wires, cables, busbars and busways;
 - (2) Electrical connectors, breakers, fuses, switches and motor control centers;
 - (3) Electrical usage monitors and power quality devices; and

- (4) Electrical transformers.
- b. None of the following is “electrical distribution equipment including transformers”: Equipment that is part of or within a machine or apparatus, if such machine or apparatus is serving a function other than the distribution of electricity.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

16. “Electrical Distribution Equipment Other Than Transformers”

- a. “Electrical distribution equipment other than transformers” means the following “covered equipment” when used to distribute electricity to connected equipment:
 - (1) Electrical wires, cables, busbars and busways;
 - (2) Electrical connectors, breakers, fuses, switches and motor control centers; and
 - (3) Electrical usage monitors and power quality devices.
- b. None of the following is “electrical distribution equipment other than transformers”:
 - (1) Equipment that is part of or within a machine or apparatus, if such machine or apparatus is serving a function other than the distribution of electricity; or
 - (2) Electrical transformers.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

17. “Electrical Generating Equipment”

- a. “Electrical generating equipment” means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
 - (1) Boilers used primarily to provide steam for one or more turbine-generator units;
 - (2) Turbine-generators (including steam, gas, water or wind turbines);
 - (3) Engine-generators;
 - (4) Fuel cells or other alternative electrical generating equipment;
 - (5) Electrical transformers, switchgear and power lines used to convey the generated electricity; and
 - (6) Associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.
- b. None of the following is “electrical generating equipment”:
 - (1) Elevator or hoist motors that generate electricity when releasing cable; or
 - (2) Equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

18. “Electronic Circuitry Impairment”

- a. “Electronic circuitry impairment” means a fortuitous event involving Electronic Circuitry within “covered equipment” that causes the “covered equipment” to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in b. through d. below.
- b. We will determine that the reasonable and appropriate remedy to restore such “covered equipment’s” ability to function is the replacement of one or more Electronic Circuitry components of the “covered equipment”.
- c. None of the following is an “electronic circuitry impairment”:
 - (1) Any condition caused by or related to:
 - (a) Incompatibility of the “covered equipment” with any software or equipment installed, introduced or networked within the prior 30 days; or
 - (b) Insufficient size, capability or capacity of the “covered equipment”.
 - (2) Exposure to adverse environmental conditions, including, but not limited to, change in temperature or humidity, unless such conditions result in an observable loss of functionality.

Loss of warranty will not be considered an observable loss of functionality.

- d. As used in this definition, Electronic Circuitry means microelectronic components, including, but not limited to, circuit boards, integrated circuits, computer chips and disk drives.

19. "Excavation Costs"

- a. "Excavation costs" means the additional cost to repair or replace "covered property" because of the need to dig a hole, trench or tunnel. This includes the costs to dig and refill the hole, trench or tunnel. This also includes the costs to repair damage to roads, walkways, landscaping or other property caused by such excavation.
- b. "Excavation costs" include your additional loss and expense as defined under A.2.b. Business Income and A.2.c. Extra Expense that is the result of a. above, if such coverage is otherwise applicable under this policy.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

- 20. "Extra Expense"** means your Additional Costs to operate your business or other operations insured under this policy. As used in this definition, Additional Costs means expenses incurred that exceed the costs that you would normally have incurred to operate such business or other operations during the same period if there had been no Covered Cause of Loss. If some costs are increased and other costs are decreased, "extra expense" means the sum of all cost increases minus the sum of all cost decreases.

- 21. "Hazardous Substance"** means any substance, other than an "infectious agent", that is dangerous or harmful to health or has been declared by a governmental agency to be dangerous or harmful to health.

22. "Infectious Agent"

- a. "Infectious agent" means any transmissible bacterium, microorganism, virus or other pathogen that induces or is capable of inducing a Human Infectious Disease.
- b. As used in this definition, Human Infectious Disease means any transmissible disease, illness, sickness, physical distress, condition or disruption of bodily functions affecting people. This includes, but is not limited to:
 - (1) Influenza;
 - (2) Severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2); and
 - (3) Coronavirus disease (COVID-19).

23. "Interruption of Service"

- a. "Interruption of service" means a failure or disruption of the normal supply of any of the Covered Services listed in b. below, when such failure or disruption is caused by a Covered Cause of Loss to "covered equipment", subject to the conditions listed in c. through f. below.
- b. As used in this definition, Covered Services means electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, wide area networks, data transmission, "cloud or outsourced computing services", elevator services or Equipment as a Service. The equipment must meet the definition of "covered equipment" except it is not "covered property". Equipment as a Service means any service that you pay for on a usage basis when the service is provided to you by equipment located on your premises that is neither owned, leased or operated by you.
- c. The "covered equipment" must either be:
 - (1) Owned by a company with whom you have a contract to supply you with one of the Covered Services; or
 - (2) Used to supply you with one of the Covered Services and located within one mile of a location covered under this policy.
- d. Unless otherwise shown in the Declarations, no failure or disruption of service will be considered to qualify as an "interruption of service" until the failure or disruption exceeds twenty-four (24) hours immediately following the Covered Cause of Loss. If a different period of time is shown in the Declarations, it will be identified as the Service Interruption Waiting Period.

- e. If a Service Interruption Distance Limitation is shown in the Declarations, the “covered equipment” suffering the Covered Cause of Loss must be located within the indicated distance of any location covered under this policy.
- f. “Interruption of service” does not include any failure or disruption, whether or not arising from or involving a Covered Cause of Loss, in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.

24. “Interruption of Supply”

- a. “Interruption of supply” means a failure or disruption of the normal supply of any of the Covered Contingencies listed below, when such failure or disruption is caused by a Covered Cause of Loss to “covered equipment” that is located at a Contingent Supplier or Receiver Location.
- b. As used in this definition, Contingent Supplier or Receiver Location means any the following:
 - (1) A location from which you have received the Covered Contingency for at least six months prior to the Covered Cause of Loss;
 - (2) A location to which you have supplied the Covered Contingency for at least six months prior to the Covered Cause of Loss; or
 - (3) A location shown in the Declarations as a Contingent Supplier or Receiver Location.
- c. As used in this definition, Covered Contingencies are raw materials, intermediate products, finished products, packaging materials and product processing services.

25. “Media” means material on which “data” is recorded, such as magnetic tapes, hard disks, optical disks or solid state drives.

26. “Medical Equipment” means the following equipment when used for any medical specialty, including veterinary services:

- a. “Medical imaging equipment”;
- b. Laboratory or therapeutic equipment; and
- c. Any other equipment used to:
 - (1) Cure, diagnose, mitigate, monitor, prevent or treat disease; or
 - (2) Affect the structure or appearance of the body.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

27. “Medical Imaging Equipment” means scanning or imaging equipment used to diagnose or monitor disease or other conditions. This includes, but is not limited to, CT, MRI, PET, ultrasound and x-ray devices. “Medical imaging equipment” includes such equipment used for all medical specialties, including veterinary services.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

28. “Miscellaneous Unnamed Location”

“Miscellaneous unnamed location” means a physical location that is:

- a. Located within the Coverage Territory;
- b. Owned by you or leased by you and for which you are legally liable;
- c. Not newly purchased or leased by you during the policy period; and
- d. Ancillary or incidental to your operations as otherwise insured under this Equipment Breakdown Coverage.

29. “Mobile Robot”

- a. “Mobile robot” means “covered equipment” that is:
 - (1) Able to move about under its own power; and
 - (2) Used solely within a structure or building.
- b. “Mobile robot” does not mean any equipment that is:
 - (1) Directed or steered by a human driver who is on or in such equipment;

- (2) Used to transport people;
- (3) Used in or under water or other liquid;
- (4) Used within tanks or piping; or
- (5) A drone or other airborne device.

30. **“One Equipment Breakdown”** means all “accidents” and “electronic circuitry impairments” occurring at the same time from the same event. If an “accident” or “electronic circuitry impairment” causes other “accidents” or “electronic circuitry impairments”, all will be considered “one equipment breakdown”.

31. **“Ordinary Payroll”** means the Payroll Expenses associated with all employees other than executives, department managers and employees under contract.

As used above, Payroll Expenses means all payroll, employee benefits directly related to payroll, FICA payments you pay, union dues you pay and workers compensation premiums.

“Ordinary payroll” does not include pensions or directors fees.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

32. **“Period of Restoration”**

a. Except as indicated in b. below, “period of restoration” means the period of time that begins at the time of the Covered Cause of Loss and continues until the earlier of:

- (1) The date the “covered equipment” is repaired or replaced; or
- (2) The date on which such equipment could have been repaired or replaced with the exercise of due diligence and dispatch,

plus the number of days, if any, shown in the Declarations for Extended Period of Restoration.

b. Only with respect to A.2.d. Civil or Military Authority, “period of restoration” means the period of time that begins at the time access is prohibited by action of civil or military authority and continues until the earlier of:

- (1) Twenty-one (21) days thereafter; or
- (2) The date access is restored.

33. **“Perishable Goods”** means any “covered property” that is personal property, subject to deterioration or impairment as a result of a change of conditions, including, but not limited to, temperature, humidity or pressure.

34. **“Production Machinery”** means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, “production machinery” does not mean any boiler or fired or unfired pressure vessel.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

35. **“Spoilage and Consequential Damage”** means any detrimental change in physical state. This includes, but is not limited to:

- a. Thawing of frozen goods;
- b. Warming of refrigerated goods;
- c. Freezing of fresh goods;
- d. Solidification of liquid or molten material; and
- e. Chemical reactions to material in process.

36. **“Vehicle”**

a. “Vehicle” means any machine or apparatus that is used for transportation or is able to move about under its own power, even if it is solely used within a structure or building. “Vehicle” includes, but is not limited to, car, truck, bus, trailer, train, aircraft, drone, watercraft, forklift, bulldozer, tractor or harvester.

b. None of the following is a “vehicle”:

- (1) Any property at a location covered under this policy that, for at least 24 consecutive hours, has been stationary, installed and receiving electrical power from a power source that is external to such property. However, a battery-propelled machine or apparatus that requires periodic recharging is considered a "vehicle" and not subject to this exception.
- (2) Any "mobile robot".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY ENDORSEMENT

The following provisions apply to this policy:

1. Common Policy Conditions

Common Policy Conditions IL 00 17 apply for all coverages except for any coverages in the Property Coverage Part, including but not limited to the Commercial Output Program – Property Coverage Part. Common Policy Conditions CL 0100 apply to the Property Coverage Part.

2. Amendatory Endorsements

The appropriate state amendatory endorsements will be added for all of the coverages of this policy and shown on the applicable Declarations or Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER INCIDENT EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

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

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

Cyber Incident

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

B. Exceptions And Limitations

1. Fire Or Explosion

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

2. Additional Coverage

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

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

3. Electronic Commerce Endorsement

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

C. Vandalism

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION 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 micro-organism 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 supercedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXISTING DAMAGE EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – BASIC FORM

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

Existing Damage

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

As used in this Endorsement, “existing damage” means:

1. Any damages which occurred prior to the inception date of this Policy regardless of whether such damages were apparent at the time of the inception date of this Policy or at a later date;
2. Any damages arising out of workmanship, repairs, and/or lack of repairs arising from damages which occurred prior to the inception date of this Policy; or
3. Any damages resulting from a damage which occurred prior to the inception date of this Policy that have not been completely and properly repaired.

All other terms and conditions of this Policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLEX PROPERTY EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
 BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
 EXTRA EXPENSE COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CAUSES OF LOSS – SPECIAL FORM

SCHEDULE – Flex Property Extension Endorsement	
Coverage Extensions	Limit Of Insurance
Accounts Receivable:	
On Premises	\$ 25,000
Off Premises	\$ 10,000
Blanket Mobile Property	\$ 50,000
Claim Expense	\$ 10,000
Computer Business Income and Extra Expense	\$ 5,000
Fire Department Service Charge	\$ 10,000
Fire Protection Device Recharge	\$ 5,000
Interior Weather Damage	\$ 2,500
Lease Cancellation Moving Expense	\$ 5,000
Newly Acquired Or Constructed Property:	
Building	\$ 1,000,000
Your Business Personal Property	\$ 500,000
Ordinance Or Law	
Loss In Value to Undamaged Portions Of Premises	Included in the Premises Limit of Insurance
Demolition Costs and Increased Costs of Construction	\$ 75,000
Outdoor Property	\$ 10,000
Outdoor Signs (Attached To Building)	Included in the Premises Limit of Insurance
Personal Effects And Property Of Others	\$ 50,000
Pollutant Clean Up And Removal	\$ 25,000
Property In Transit	\$ 25,000
Re-Keying	\$ 2,500
Reward	\$ 25,000
Spoilage	\$ 5,000
Tenant Building Glass	\$ 25,000
Trailers	\$ 5,000
Valuable Papers And Records – (Other Than Electronic Data)	\$ 25,000

The provisions of the Building And Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Extra Expense Coverage Form, Condominium Association Coverage Form and Causes Of Loss – Special Form apply except as otherwise provided in this endorsement. The Additional Coverages and Coverage Extensions provided in this endorsement may be subject to special coverage limitations. Please read the entire endorsement for complete explanation of the coverages provided.

The coverages afforded under this extension endorsement apply separately at each location, except for the Blanket Mobile Property Additional Coverage, which applies on a blanket basis over multiple or all locations, as indicated in the Blanket Mobile Property Additional Coverage.

The Limits of Insurance shown in the Schedule of this endorsement are additional insurance with the exception of Ordinance or Law – Loss In Value to Undamaged Portions Of Premises and Outdoor Signs (Attached To Building).

I. Changes To The Building And Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form (if attached), Business Income (Without Extra Expense) Coverage Form (if attached), Extra Expense Coverage Form (if attached) and/or Condominium Association Coverage Form (if attached)

A. Additional Coverages – Changes

The **Additional Coverages** in the **Coverage Section** are revised as follows:

1. Fire Department Service Charge

The most we will pay for service at each premises described in the Declarations under the Fire Department Service Charge Additional Coverage is the Fire Department Service Charge Limit Of Insurance shown in the Schedule of this endorsement.

2. The Pollutant Clean Up And Removal Additional Coverage is deleted and replaced by the following:

Pollutant Clean-up and Removal

- a. 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.
- b. 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.
- c. The most we will pay under this Pollutant Clean-up And Removal Additional Coverage for each described premises is the Pollutant Clean-up And Removal Limit Of Insurance shown in the Schedule of this endorsement, for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

3. The Increased Cost of Construction Additional Coverage is deleted and replaced by the following:

Ordinance Or Law

- a. If there is an ordinance or law in effect at the time of loss that regulates zoning, land use or construction of a covered building, and if enforcement of that ordinance or law affects the repair or rebuilding of that building following damage by a Covered Cause of Loss, you may extend the insurance provided under this coverage extension that applies to Building, as follows:

1. We will pay the following:

- (a) Cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property;
- (b) The loss in value of the undamaged portions of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building; and
- (c) The increased cost to:
 - (1) Repair or reconstruct damaged portions of that covered location. When a location is damaged or destroyed and the increased costs of construction applies to that covered location, coverage for the increased cost of construction also applies to repair or reconstruction of the following:
 - (i) The cost of excavations, grading, backfilling and filling;

- (ii) Foundation of the building;
- (iii) Pilings; and
- (iv) Underground pipes, flues and drains.

The items listed in Paragraph (c)(1)(i) through (c)(1)(iv) above are deleted from Property Not Covered, but only with respect to the coverage described in this provision.

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

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

2. However, we will not pay more under this coverage described in 1.(c) above than if the repaired, restored or remodeled building was:
 - (a) Repaired, reconstructed or remodeled at the same or another location, 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) Repaired, reconstructed or remodeled to the same extent the law permits, to the same size as the one it replaces; and
 - (c) Designed for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
 - (d) Repaired, reconstructed or remodeled at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
 3. If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises. The increased rebuilding costs must be kept to the minimum needed to satisfy legal requirements.
 4. If you do not repair or replace the damaged building, we will pay under this coverage only to demolish and clear the site of the undamaged portions of the building.
 5. This coverage will not pay for enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.
 6. This coverage will not pay the costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- b. Any Coinsurance penalty applicable to the building or premises will also apply to the amount otherwise payable under this coverage. The most we will pay for loss or damage under this coverage is the Ordinance or Law Limit shown in the Schedule of this endorsement.
 - c. The terms of this endorsement apply separately to each location to which this endorsement applies.
 - d. Under this endorsement we will not pay for loss due to any ordinance or law that:
 1. You were required to comply with before the loss, even if the building was undamaged; and
 2. You failed to comply with.
 - e. The following loss payment provisions apply to this coverage extension:
 1. With respect to the loss in value to the undamaged portions of the building, the most we will pay is the applicable Premises Limit of Insurance.
 2. With respect to the demolition costs and increased cost of construction, the most we will pay is the Ordinance Or Law – Demolition and Increased Costs of Construction Limit Of Insurance shown in the Schedule of this endorsement for the combined demolition costs and increased costs of construction. If Ordinance Or Law Coverage is attached to this policy, this Additional Coverage will apply on an excess basis, when such other coverage has been exhausted.

B. Additional Coverages – Additions

The following coverages are added to **Additional Coverages** in the **Coverage** Section:

1. Blanket Mobile Property Coverage

a. Coverage

- (1) Your insurance for Business Personal Property is extended to cover "Mobile Property". Covered Property under this Blanket Mobile Property Additional Coverage is "Mobile Property" which is owned, used by or leased to:
 - (a) You; or
 - (b) Your employees, officers, volunteers or members if loss or damage occurs while the property is being used in your business or is in your care, custody or control;
and located within the coverage territory.
- (2) This Additional Coverage also applies to the types of property identified in Paragraph **1.a.(1)** that is personal property of someone other than those identified in Paragraph **1.a.(1)(a)** or **1.a.(1)(b)** but is in your care, custody or control. However, our payment for loss of or damage to property of others under this Paragraph **1.a.(2)** will only be for the account of the owner of the property.
- (3) This Additional Coverage also applies to property covered under subparagraphs **1.a.(1)** and **1.a.(2)** that is off-premises or in transit.

b. Broadened Special Causes Of Loss

The Causes Of Loss – Special Form does not apply to this coverage. The "broadened special causes of loss", as defined in Section III. of this endorsement, apply to this Blanket Mobile Property Coverage.

c. Additional Blanket Mobile Property Coverage Extension – Collapse

The coverage provided under this Additional Blanket Mobile Property Coverage Extension – Collapse applies only to an abrupt collapse as described and limited in Paragraphs **c.(1)** through **c.(3)**.

- (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 contains covered "Mobile 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:
 - (i) A cause of loss listed in Paragraph **c.(1)** or **c.(2)**;
 - (ii) One or more of the following causes of loss: Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; earthquake; all only as insured against in this Coverage Form;
 - (iii) Weight of people or personal property; or
 - (iv) Weight of rain that collects on a roof.
- (3) This Additional Coverage – Collapse will not increase the Limits of Insurance provided in this Coverage Form.

d. Blanket Mobile Property Additional Coverage Limit Of Insurance

The Blanket Mobile Property Coverage Limit Of Insurance shown in the Schedule of this endorsement is the most we will pay for all loss or damage to "Mobile Property" in any one "occurrence", regardless of the number of locations involved, where the "Mobile Property" is located, or who owns or uses the "Mobile Property". This is in addition to and not part of any other Limit of Insurance. This Blanket Limit of Insurance applies once across all locations (including in transit or off premises property).

e. Conditions Applicable To Blanket Mobile Property Additional Coverage

The following conditions apply to coverage provided under this **Blanket Mobile Property Additional Coverage**, if not already included. These conditions are in addition to Section E. Loss Conditions in the **Building and Personal Property Coverage Form**, the **Common Property Conditions** and the **Common Policy Conditions**:

(1) Additional Duties in the Event of Loss

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

- (a) Make no statement that will assume any obligation or admit any liability, for any "loss" for which we may be liable, without our consent.
- (b) If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

(2) Pair, Set or Parts

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

- (i) Repair or replace any part to restore the pair or set to its value before the loss; or
- (ii) Pay the difference between the value of the pair or set before and after the loss.

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

(3) Privilege to Adjust with Owner

In the event of loss involving property of others in your care, custody or control, we have the right to:

- (a) Settle the loss with the owners of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.
- (b) Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this insurance.

(4) Recoveries

Any recovery or salvage on a loss will accrue entirely to our benefit until the sum paid by us has been made up.

(5) Valuation

For property covered under this **Blanket Mobile Property Additional Coverage**, this condition will replace Loss Condition **E.7. Valuation**:

(a) Except as provided in Paragraph **(5)(b)** below, the value of property will be the least of the following amounts:

- (i) The actual cash value of that property;
- (ii) The cost of reasonably restoring that property to its condition immediately before loss; or
- (iii) The cost of replacing that property with substantially identical property.

In the event of loss, the value of property will be determined as of the time of loss.

(b) As respects to "Fine Arts":

- (i) The value of each item of property that is individually listed and described in the Declarations is the applicable Limit of Insurance shown in the Declarations for that item.

- (ii) The value of all other Covered Property, including newly acquired property, will be the least of the following amounts:
 - (a) The actual cash value of that property;
 - (b) The cost of reasonably restoring that property to its condition immediately before loss or damage; or
 - (c) The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

2. Claim Expense

You may extend the insurance provided under this Coverage Form to apply to the following expenses you incur, as required by this Coverage Part, to prepare a claim:

- a. The cost of taking inventories;
- b. The cost of making appraisals; and
- c. The cost of preparing a statement of loss and other supporting exhibits.

We will not pay for any expenses billed by and payable to independent or public insurance adjusters or for expenses to prepare claims not covered by this policy.

The most we will pay under this Additional Coverage – Claim Expense is the Claim Expense Limit of Insurance shown in the Schedule of this endorsement.

3. Computer Business Income And Extra Expense

- a. If a Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form or an Extra Expense Coverage Form applies to this policy, your insurance for Business Income and/or Extra Expense under those coverage forms is extended to cover loss of Business Income or Extra Expense arising out of the loss or damage of "computers"(s) owned by or leased to:
 - (1) You; or
 - (2) Your employees, officers, volunteers, or clergy if loss or damage occurs while the property is being used in your business or is in your care, custody or control; and located within the coverage territory.
- b. The Causes Of Loss – Special Form does not apply to this coverage. The "broadened special causes of loss", as defined in Section III. of this endorsement, apply" to "computer"(s) under this Additional Coverage.
- c. The most we will pay in any one "occurrence" under this Additional Coverage – Computer Business Income And Extra Expense is the Computer Business Income And Extra Expense Limit of Insurance shown in the Schedule of this endorsement. This is in addition to any other applicable Limit of Insurance.

5. Fire Protection Device Recharge

We will pay, under this additional coverage, to recharge or refill your fire protective devices that are permanently installed in buildings at the described premises due to leakage or discharge of the fire suppressant within the fire protection device. This extension only applies when such devices have been accidentally discharged. Coverage does not apply to discharge occurring during periodic recharge or maintenance.

The most we will pay under this Additional Coverage – Fire Protection Device Recharge is the Fire Protection Device Recharge Limit Of Insurance shown in the Schedule of this endorsement.

6. Interior Weather Damage

- a. We will pay for direct physical loss of or damage to 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, if:
- (1) The building or structure has not sustained 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 not caused by or resulting from thawing of snow, sleet or ice on the building or structure.
- b. Paragraph **C.1.c.** in the **Causes of Loss – Special Form** does not apply to this Additional Coverage.
- c. The most we will pay for loss or damage under this Additional Coverage – Interior Weather Damage is the Interior Weather Damage Limit of Insurance shown in the Schedule of this endorsement.

7. Lease Cancellation Moving Expense

We will pay for any moving expense you incur due to a cancellation of your lease at a premises described in the Declarations if the lease cancellation is caused by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is the Lease Cancellation Moving Expense Limit Of Insurance shown in the Schedule of this endorsement.

8. Re-keying

We will pay for the expense of replacing external door lock(s) at the premises described in the Declarations if:

- a. Key to the lock (s) is lost or stolen;
- b. The lost or stolen key results in an unauthorized entry at the premises described in the Declarations; and
- c. The unauthorized entry in item **b.** above results in a covered loss under this Coverage Form.

This Additional Coverage does not apply to theft of car keys, keys to interior doors or keys to equipment.

The most we will pay under this Additional Coverage – Re-keying is the Re-keying Limit of Insurance shown in the Schedule of this endorsement. No deductible applies to this Additional Coverage.

9. Reward

We will pay a reward for information which leads to:

- a. An arson conviction in connection with a fire or explosion loss covered under this Coverage Form; or
- b. A conviction in connection with a covered loss, caused by theft or vandalism, or any combination of these causes of loss.

The most we will pay under this Additional Coverage – Reward is the Reward Limit Of Insurance shown in the Schedule of this endorsement. The Reward Limit Of Insurance is the most we will pay per conviction regardless of the number of persons who provide information or the number of crimes any person or persons are convicted. No deductible applies to this Additional Coverage.

10. Spoilage

a. We will pay for the loss of "perishable stock" as described below caused by:

- (1) A change in temperature or humidity resulting from mechanical breakdown or failure of refrigeration, cooling or humidity control apparatus or equipment, only while such apparatus or equipment is at the described premises;
- (2) Contamination by a refrigerant; or
- (3) Power outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

b. We will not pay for loss or damage resulting in whole or in part from:

- (1) The manual disconnection of any heating, cooling or humidity control equipment or apparatus at the premises described in the Declarations;

- (2) The deactivation of electrical power or current caused by the throwing of any switch or other device used to control the flow of electrical power or current; or
 - (3) The inability of an electric utility company or other power source to provide sufficient power;
 - (4) The inability of a power source at the described premises to provide sufficient power due to insufficient generating capacity to meet demand;
 - (5) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit; or
 - (6) If you have more specific coverage for such loss or damage elsewhere in this policy.
- c. The value of the "perishable stock" will be the selling price, as if no loss or damage had occurred, less discounts and expenses you otherwise would have had.
 - d. The most we will pay under this Additional Coverage – Spoilage is the Spoilage Limit Of Insurance shown in the Schedule of this endorsement. If Spoilage Coverage is attached to this policy, this Additional Coverage will apply on an excess basis, when such other coverage has been exhausted.

11. Tenant's Building Glass

We will pay for direct physical loss of or damage to building glass caused by or resulting from a Covered Cause of Loss, provided that:

- a. You are a tenant of the building; and
- b. You have a contractual responsibility to insure the building glass, or a contractual responsibility to pay for loss or damage to that property.
- c. The value of property covered under this additional coverage will be determined in accordance with the Valuation Condition applicable under this Coverage Form or at the amount for which you are liable under contract, whichever is less. If required by law, glass is covered at the cost of replacement with safety glazing material. The most we will pay for loss or damage under this Additional Coverage – Tenant's Building Glass is the Tenant's Building Glass Limit of Insurance shown in the Schedule of this endorsement. If Tenant's Building Glass Coverage is attached to this policy, this Additional Coverage will apply on an excess basis, when such other coverage has been exhausted.

12. Trailers

- a. You may extend the insurance that applies to your Buildings to apply to loss or damage to trailers provided that:
 - (1) The trailer is used in your business;
 - (2) The trailer is either:
 - (a) In your care, custody or control and you have a contractual responsibility to pay for loss or damage to the trailer; or
 - (b) Owned by you; and
 - (3) The trailer is at the premises described in the Declarations.
- b. We will not pay for any loss or damage that occurs:
 - (1) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (2) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance;
 - (3) While the trailer is being occupied or used as a residence, or while it is equipped, reserved, designed or planned to be used as a residence but is not occupied, whether or not such trailer has been assigned to actual residents; or
 - (4) To trailers reserved for and/ or distributed by social service or other organizations for use as temporary or permanent housing in the event of a natural or man-made emergency or disaster.
- c. The most we will pay for loss or damage under this Additional Coverage – Trailers is the Limit Of Insurance shown in the Schedule of this endorsement. This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

C. **Coverages Extensions** in the **Coverage** Section is amended as follows:

1. Coverage Radius

- a. Any reference within the Coverage Form to "within 100 feet of the described premises" is replaced by "within 1,000 feet of the described premises", wherever it may appear.
- b. Any reference within the Coverage Form to "within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater", is replaced by "within 1,000 feet of the building or structure or within 1,000 feet of the premises described in the Declarations, whichever distance is greater", wherever it may appear.

2. The **Newly Acquired Or Constructed Property Coverage Extension** is deleted and replaced by the following:

Newly Acquired Or Constructed Property

a. Buildings

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

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

The most we will pay for loss or damage under this Extension at each building is the Newly Acquired Or Constructed Property – Building Limit Of Insurance shown in the Schedule of this endorsement.

b. Your Business Personal Property

- (1) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (a) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
 - (b) 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
 - (c) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension at each building is the Newly Acquired Or Constructed Property – Your Business Personal Property Limit Of Insurance shown in the Schedule of this endorsement.

(2) This Extension does not apply to:

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

c. Period Of Coverage

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

- (1) This policy expires;
- (2) 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (3) 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.

3. Outdoor Property

The most we will pay for loss or damage under the Outdoor Property Coverage Extension is the Outdoor Property Limit Of Insurance shown in the Schedule of this endorsement, but not more than \$500 for any one tree, shrub or plant.

4. Personal Effects And Property Of Others

The most we will pay for loss or damage under the Personal Effects and Property of Others Coverage Extension is the Personal Effects And Property Of Others Limit of Insurance shown in the Schedule of this endorsement. This Limit Of Insurance is subject to a sublimit of \$5,000 for any one person's loss in any one occurrence. Our payment for loss or damage to personal property of others will only be for the account of the owner of the property.

5. The Valuable Papers And Records (Other Than Electronic Data) Coverage Extension is replaced by the following:

Valuable Papers And Records (Other Than Electronic Data)

- a. 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.
- b. Coverage under this Extension is limited to the "specified causes of loss" as defined in the Causes Of Loss – Special Form and Collapse as set forth in that form.
- c. Under this Extension, the most we will pay to replace or restore the lost information is the Valuable Papers And Records (Other than Electronic Data) Limit Of Insurance shown in the Schedule of this endorsement. This limit applies to each described premises. 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.

6. The following Coverage Extension is added:

Accounts Receivable

- a. You may extend the insurance that applies to Business Personal Property to apply to your Accounts Receivable. We will pay:
 - (1) All amounts due from your customers that you are unable to collect;
 - (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 loss or damage; and
 - (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable; that result from direct physical loss or damage by any "broadened special causes of loss" to your records of accounts receivable.
- b. If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of loss or damage, we will pay for loss or damage that results from a "broadened special cause of loss" while the records are:
 - (1) At a safe place temporarily away from your premises; or
 - (2) Being taken to and returned from that place.

This removal extension to the Accounts Receivable Coverage Extension is included within the Limit Of Insurance applicable to Accounts Receivable – On Premises at the described premises from which the records of accounts receivable are removed.

- c. The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is the Accounts Receivable – On Premises Limit Of Insurance shown in the Schedule of this endorsement.

For accounts receivable not at the described premises, the most we will pay is the Accounts Receivable – Off Premises Limit Of Insurance shown in the Schedule of this endorsement.

If Accounts Receivable Coverage is attached to this policy, this Additional Coverage will apply on an excess basis, when such other coverage has been exhausted.

- d. The Causes Of Loss – Special Form does not apply to this coverage. The "broadened special causes of loss", as defined in Section III. of this endorsement, apply to this coverage extension.

D. Paragraph C. **Limits Of Insurance** is amended as follows:

Outdoor Signs (Attached To Building)

The second paragraph of the **Limits Of Insurance** paragraph is replaced by the following:

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

II. Causes Of Loss – Special Form Changes

The **Property In Transit Additional Coverage Extension** is deleted and replaced by the following:

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 1,000 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 the Property In Transit Limit Of Insurance shown in the Schedule of this endorsement.

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

III. Additional Definitions

The following definitions are added to the **Definitions** Section of the Building And Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form (if attached), Business Income (Without Extra Expense) Coverage Form (if attached), Extra Expense Coverage Form (if attached) and/or the Condominium Association Coverage Form (if attached). These definitions apply in addition to definitions appearing there, but only as respects the coverages provided under this endorsement:

- 1. "Broadened special causes of loss", as applicable to the Blanket Mobile Property, Computer Business Income And Extra Expense and Accounts Receivable Coverages only, is defined as the following:

- a. Direct physical loss or damage to covered property unless the loss is limited or excluded.

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

(1) Governmental Action

Seizure or destruction of property by order of governmental authority.

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

(2) Nuclear Hazard

- (a)** Any weapon employing atomic fission or fusion; or
- (b)** Nuclear reaction or radiation, or radioactive contamination from any other cause. But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

(3) War And Military Action

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

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

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

- (1)** Delay, loss of use, loss of market or any other consequential loss.
- (2)** Shortage found upon taking inventory.
- (3)** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party. This exclusion:
 - (a)** Applies whether or not an act occurs during your normal hours of operation;
 - (b)** Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

- (4)** Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- (5)** Unauthorized instructions to transfer property to any person or to any place.
- (6)** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- (7)** Theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party, except:
 - (a)** When the property has been deposited for safe custody by you or any of your officers or members, or salesmen while traveling;
 - (b)** To shipments of Covered Property in the custody of the U.S. Postal Service or other carriers; or
 - (c)** When the property is in the custody of a porter or helper not on your payroll.

This exclusion applies whether or not an act occurs during your normal hours of operation.

c. We will not pay for loss or damage caused by or resulting from any of the following, **c.(1)** through **c.(5)**. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

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

- (2) Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- (3) Faulty, inadequate or defective:
 - (a) Planning, zoning, development, surveying, siting;
 - (b) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (c) Materials used in repair, construction, renovation or remodeling; or
 - (d) Maintenance;
of part or all of any property wherever located.
- (4) Collapse, including any of the following conditions of property or any part of the property:
 - (a) An abrupt falling down or caving in;
 - (b) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (c) Any cracking, bulging, sagging, bending, leaning, settling, shrinking or expansion as such condition relates to Paragraph (a) or (b).

This Exclusion, (4) does not apply to the extent that coverage is provided under the Additional Coverage – Collapse or to collapse caused by one or more of the following: Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; earthquake; weight of people or personal property; or weight of rain that collects on a roof.

- (5) We will not pay for loss or damage caused by or resulting from wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration; insects, vermin or rodents.

- 2. "Computers" means, as respects to Additional Coverage – Blanket Mobile Property and Additional Coverage – Computers Business Income And Extra Expense:
 - a. Programmable electronic equipment that is used to store, retrieve and process data;
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission; and
 - c. "Media" or commercially packaged software.

"Computer" does not include those used to operate production type machinery or equipment.

- 4. "Fine Arts" includes, but is not limited to, antiques, paintings, etchings, drawings, tapestries, sculptures and fragile property such as porcelains, china and marble.
- 5. "Media" means, as respects to Additional Coverage – Blanket Mobile Property, all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or electronic data processing equipment.
- 6. "Mobile Property" means, as respects to Additional Coverage – Blanket Mobile Property:
 - a. Cameras, video and sound equipment and musical instruments;
 - b. "Computers";
 - c. "Fine Arts";
 - d. Automatic External Defibrillators; or
 - e. Other mobile personal property not more specifically covered elsewhere in this policy.

"Mobile Property" does not include valuable papers and records or accounts receivable.

- 7. "Occurrence" means, as respects to Additional Coverage – Blanket Mobile Property and Additional Coverage – Computers Business Income And Extra Expense, loss or damage from any one event or series of related events from the same or related cause. However:
 - a. All earthquake shocks or volcanic eruptions that occur within any 168-hour period will constitute a single earthquake or volcanic eruption, and will be considered a single "occurrence". The expiration of this policy will not reduce the 168-hour period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
CA, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, US VI, WA, WI, and WV	Commercial Property Coverage Part
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

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

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS LIMIT OF INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART

SCHEDULE

Loss Limit of Insurance (Per Occurrence)	<u>\$5,000,000.00</u>
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A. The following is added to the **Limits of Insurance** provision:

Loss Limit of Insurance

1. Subject to the applicable Limits of Insurance shown in the Declarations or Statement of Values, the most we will pay in any one occurrence:
 - a. Under all Coverages, Additional Coverages, Coverage Extensions, Additional Coverage Extensions, or Optional Coverages;
 - b. Under all Coverage Parts; and
 - c. At all Locations,
 for all direct physical loss or damage, Business Income sustained and/or Extra Expense incurred as a result of a Covered Cause of Loss is the **Loss Limit of Insurance** shown in the Schedule above.
2. Subject to Paragraph 1. above, in the event of loss or damage we will pay the least of the following:
 - a. The actual adjusted amount of loss, less applicable deductible(s);
 - b. The applicable Limit of Insurance in the Declarations or the total stated value in the latest Statement of Values for the property involved, less applicable deductible(s); or
 - c. The **Loss Limit of Insurance** shown in the Schedule above.

B. Conditions

1. The **Other Insurance** Condition is deleted and replaced by the following:

Other Insurance

If there is other insurance (except insurance purchased as excess insurance) covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance, subject to the Loss Limit of Insurance, shown in the Declarations.

2. The following **Condition** is added:

Excess Insurance

You may have excess insurance which is insurance over and above the Limits of Insurance shown in the Declarations or Statement of Values of this Policy. The existence of this insurance, if any, shall not reduce our liability under this Policy.

C. Statement of Values as used in this Policy means the Statement of Values you have on file with the Company or attached to this Policy.

All other terms and conditions of this Policy remain unchanged.

MINIMUM EARNED PREMIUM (PERCENTAGE)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE

Minimum Earned Premium	25%
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The following is added to the **Cancellation** Common Policy Condition:

7. In the event of cancellation of this policy by the first Named Insured, the premium we retain will not be less than the premium for the full original period of coverage times the Minimum Earned Premium percentage shown in the Schedule above.
8. Failure to pay premium or a premium installment on or prior to the due date will be considered a request by you for cancellation. The earned premium will be due and payable at that time, less any amounts previously paid.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Building Number/ Premises Number	Coverage A	Coverage B Limit Of Insurance	Coverage C Limit Of Insurance	Coverage B And C Combined Limit Of Insurance
ALL / ALL	<input checked="" type="checkbox"/>	\$	\$	10% of Building * Limit, as Sublimit (Maximum \$500,000)
/	<input type="checkbox"/>	\$	\$	\$ *
/	<input type="checkbox"/>	\$	\$	\$ *

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

*Do **not** enter a Blanket Limit of Insurance if individual Limits of Insurance are selected for Coverages **B** and **C**, or if one of these Coverages is not applicable.

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

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement applies only if both **B.1.** and **B.2.** are satisfied and are then subject to the qualifications set forth in **B.3.**

1. The ordinance or law:

- a.** Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- b.** Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2.a. The building sustains direct physical damage that is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or

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

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

3. In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section **H.** of this endorsement provides an example of this procedure.)

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

- C. We will not pay under Coverage **A**, **B** or **C** of this endorsement for:

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

D. Coverage

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

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

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

2. Coverage B – Demolition Cost Coverage

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

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

3. Coverage C – Increased Cost Of Construction Coverage

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

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

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

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

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

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

- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

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

E. Loss Payment

1. All following loss payment provisions, **E.2.** through **E.5.**, are subject to the apportionment procedures set forth in Section **B.3.** of this endorsement.

2. When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

a. If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

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

b. If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:

- (1) The actual cash value of the building at the time of loss; or
- (2) The Limit Of Insurance shown in the Declarations as applicable to the covered building.

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

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

a. The amount you actually spend to demolish and clear the site of the described premises; or

b. The applicable Limit Of Insurance shown for Coverage **B** in the Schedule above.

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

a. We will not pay under Coverage **C**:

- (1) Until the property is actually repaired or replaced, at the same or another premises; and
- (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **C** is the lesser of:

- (1) The increased cost of construction at the same premises; or
- (2) The applicable Limit Of Insurance shown for Coverage **C** in the Schedule above.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **C** is the lesser of:

- (1) The increased cost of construction at the new premises; or
- (2) The applicable Limit Of Insurance shown for Coverage **C** in the Schedule above.

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

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

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

b. With respect to the Increased Cost of Construction:

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

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

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

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

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

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

G. Under this endorsement we will not pay for loss due to any ordinance or law that:

1. You were required to comply with before the loss, even if the building was undamaged; and
2. You failed to comply with.

H. Example of proportionate loss payment for Ordinance Or Law Coverage Losses (procedure as set forth in Section **B.3.** of this endorsement).

Assume:

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

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

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

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

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

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

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

I. The following definition is added:

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART
 SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
 TRANSPORTATION

1. The insurance does not apply:
 - A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
 - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this endorsement:

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

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

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

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

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

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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
ALL	ALL	P-1
ALL	ALL	P-9
Describe Any "P-9": Battery Operated Smoke Detectors – Operational & Maintained Vacant and unoccupied units Locked & Secured		
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.

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.

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).

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE ASBESTOS EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – BASIC FORM
BUILDERS RISK COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

The following exclusion is added to **B. Exclusions** of the Cause of Loss form on the policy, and any other policy additional coverages, coverage extensions, or exclusionary provisions in the policy.

Asbestos

- a. We will not pay for loss, damage, costs, expenses, fines or penalties directly or indirectly caused by, arising out of, resulting from, in any way related to, responding to or assessing the presence, disturbance or dispersal of asbestos or any asbestos-containing material. This includes, but is not limited to, loss of use, inspection, testing, remediation, mitigation, abatement, demolition, reconstruction costs including any increased costs of reconstruction, repair or debris removal and/or disposal, regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Further, to the extent pollution clean-up may be covered under the policy, any clean-up, remediation, mitigation or abatement expenses arising out of or related in any way, alleged or in fact to asbestos are specifically excluded.

- b. This exclusion also applies to the enforcement of or compliance with any request, demand, order, statutory or regulatory requirement, ordinance or law, declaring that the presence of asbestos or any asbestos-containing material in, on, part of or utilized in or on any damaged or undamaged portion of the insured's property must be removed, modified, remediated or abated before the property can be inhabited or otherwise used for the purpose it is or was originally intended.

The terms and conditions under this endorsement supersede any other language in the policy that may also apply to demolition expense, increased cost of reconstruction, repair, debris removal and/or disposal or loss of use, resulting from the presence of asbestos or any asbestos-containing material, but only to the extent other policy language conflicts with terms and conditions in this endorsement.

All other terms and conditions of this policy remain unchanged.