

Policy Number: **WA 0100034399 02**

RIVER PLANTATION II
C/O SENTRY MANAGEMENT
4219 HILLSBORO RD # 300
NASHVILLE TN 37212

ATTACHED ARE DOCUMENTS FOR THE FOLLOWING NAMED INSURED:

RIVER PLANTATION II
C/O SENTRY MANAGEMENT
4219 HILLSBORO RD # 300
NASHVILLE TN 37212

04-08-11

Insured Copy



Privacy Statement

At MiddleOak¹, your privacy has always been important to us. We believe keeping your information confidential is a fundamental part of doing business. We ensure that your privacy is fully protected under the law and we never sell your information to anyone. Below is a summary of how we collect and use your information.

Confidentiality and Security

All information collected about you is treated confidentially. We restrict our employees' access to your information to only those who need to know information to provide products or services to you and for other reasons permitted by law. We maintain physical, electronic, and procedural safeguards that comply with applicable law and regulations to guard your nonpublic personal information.

Former Customers

If you decide to terminate your customer relationship with our companies, we will continue to adhere to the privacy policies and practices described in this Privacy Statement as amended from time to time.

Your Files

We strive to keep our records of your information completely accurate. If you see any error in any of our communications to you, please write to us at Middlesex Mutual Assurance Company, P.O. Box 891, Middletown, CT 06457 and we will promptly address any inaccuracy that may have occurred.

Categories of Information We Collect

The information we collect from you by mail, in person, electronically, or by phone, is dependent upon the types of products and services you are requesting or currently own. We collect nonpublic personal information about you including information:

- From You: on applications or other forms, by phone and online, such as your name, address, social security number, assets and income;
- About Your Transactions: with us, our affiliates or others, such as the products and services you have purchased from us in the past and your transaction history with us; and
- From Others: including consumer reporting agencies and other third-parties such as your creditworthiness, credit history, demographic data, motor vehicle reports and other related data.

Categories of Information We Disclose To Others

Under the law, we may disclose all of the information listed above. For instance we may disclose information:

- To Authorized Personnel and Affiliates: to provide you outstanding products and services from us and our affiliates;
- To Servicing Third-Parties: that are necessary to effect, administer or enforce your transactions with us, or in connection with servicing your account;
- To Others: to credit bureaus, regulatory authorities, insurance support organizations, and other third-parties as allowed by law; and
- To Joint Marketing Companies: to companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements.

Of course, personally identifiable medical information is disclosed only as allowed by law or with your written authorization. We also reserve the right to disclose personally identifiable information about you to other non-affiliated third parties upon proper notice and with your consent.



Billing Number: 100086341
Policy Number: WA 0100034399 02

COMMON POLICY DECLARATIONS

Middlesex Mutual Assurance Company
213 Court Street, P.O. Box 891, Middletown Connecticut 06457-0891

Item 1. Named Insured and Mailing Address
RIVER PLANTATION II
C/O SENTRY MANAGEMENT
4219 HILLSBORO RD # 300
NASHVILLE TN 37212

Agent Name and Address
FRIDRICH, PINSON & ROTHBERG
3825 BEDFORD AVE STE 203
NASHVILLE TN 37215

Agent No. 01968
Agent Phone No.: (615) 327-0105

Item 2. Policy Period From: 06-15-2011 To: 06-15-2012

at 12:01 A.M., Standard Time at your mailing address shown above.

Item 3. Business Description: COMMUNITY ASSOCIATION
Form of Business: CORPORATION

Item 4. 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.

Premium

BUSINESSOWNERS \$ 41,076.00

NEW YORK FIRE INSURANCE FEE
TAX OR SURCHARGE
Total Policy Premium \$ 41,076.00
Payment Plan Monthly

Minimum Retained Percentage if policy is cancelled: 0 %

If you wish to request a copy of your policy, contact your agent or call our Customer Service Center at 1-800-662-6243.

Item 5. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

Countersigned:

Date: 04-08-11

By: _____

Authorized Representative

TO REPORT A CLAIM AFTER HOURS, CALL 1-800-344-3454.

THIS COMMON POLICY DECLARATION AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

AIL DS 04 08 07

Insured Copy



Policy Number

WA 0100034399 02

SCHEDULE OF FORMS AND ENDORSEMENTS

Middlesex Mutual Assurance Company

Named Insured RIVER PLANTATION II

Effective Date: 06-15-11
12:01 A.M., Standard Time

Agent Name FRIDRICH, PINSON & ROTHBERG

Agent No. 01968

COMMON POLICY FORMS AND ENDORSEMENTS

AIL DS 04	08-07	COMMON RENEWAL POLICY DECLARATION
FORM-SCHED	01-97	SCHEDULE OF FORMS AND ENDORSEMENTS
LOC-SCHED	01-97	SCHEDULE OF LOCATIONS
MAN-CO001	01-02	AWA 6814 12 09 EXTENDED BUSINESS INCOME
AIL 10 13	06-06	MUTUAL CONDITIONS MMA
AIL 10 01	06-06	LEAD LIABILITY EXCLUSION

HABITATIONAL FORMS AND ENDORSEMENTS

AWA DS 01	06-06	DECLARATIONS
AWA DS 02	06-06	SCHEDULE OF PROPERTY LIMITS & DED
BP 05 15	01-08	DISCLOSURE PURSUANT/TERROR INS ACT-2002
BP 02 02	07-02	TN CHANGES - CANCELLATION & NONRENEWAL
AIL 10 08	06-06	EXCLUSION - TANNING BEDS/OPERATIONS
AIL 10 12	06-06	EQUIPMENT BREAKDOWN
AWA 66 14	06-06	WORLDS APART ADVANTAGE ENDORSEMENT
AWA 66 15	06-06	DESIGNATED PROP MGT AGENT AS AN EMPLOYEE
AWA 66 61	06-06	ADDITIONAL WATER DAMAGE DEDUCTIBLE
AWA 66 81	06-06	GUARANTEED REPLACEMENT - BUILDING(S)
AWA 67 01	06-06	CAPSURE COMMUNITY ASSOCIATION COVERAGE
AWA 67 08	06-06	EMPLOYEE DISHONESTY FOR DESIGNATED D & O
BP 00 03	07-02	BUSINESSOWNERS COVERAGE FORM
BP 04 04	07-02	HIRED AUTO AND NON-OWNED AUTO LIABILITY
BP 04 12	07-02	LIMITATION OF COV TO DESIGNATED PREMISES
BP 04 17	07-02	EMPLOYMENT-RELATED PRACTICES EXCLUSION
BP 04 39	07-02	ABUSE OR MOLESTATION EXCLUSION
BP 04 46	11-02	ORDINANCE OR LAW COVERAGE
BP 04 53	07-02	WATER BACK-UP AND SUMP OVERFLOW
BP 05 14	01-03	WAR LIABILITY EXCLUSION
BP 05 23	01-08	CAP/LOSSES FROM CERTIFIED ACTS OF TERROR
BP 05 76	11-02	LIMITED FUNGI OR BACTERIA COVERAGE
BP 05 77	11-02	FUNGI OR BACTERIA EXCLUSION (LIABILITY)
BP 10 05	07-02	EXCL YR 2000 COMPUTER REL
BP IN 01	07-02	BUSINESSOWNERS COVERAGE INDEX



Policy Number
WA 0100034399 02

SCHEDULE OF LOCATIONS
Middlesex Mutual Assurance Company

Named Insured RIVER PLANTATION II

Effective Date: 06-15-11
12:01 A.M., Standard Time

Agent Name FRIDRICH, PINSON & ROTHBERG

Agent No. 01968

Loc. No.	Bldg. No.	Designated Locations (Address, City, State, Zip Code)	Occupancy
001	001	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	002	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	003	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	004	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	005	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	006	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	007	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	008	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	009	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	010	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	011	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	012	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	013	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	014	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	015	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	016	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	017	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	018	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC

LOC-SCHED (01/ 97)

Insured Copy



Policy Number
WA 0100034399 02

SCHEDULE OF LOCATIONS
Middlesex Mutual Assurance Company

Named Insured RIVER PLANTATION II

Effective Date: 06-15-11
12:01 A.M., Standard Time

Agent Name FRIDRICH, PINSON & ROTHBERG

Agent No. 01968

Loc. No.	Bldg. No.	Designated Locations (Address, City, State, Zip Code)	Occupancy
001	019	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	020	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	021	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	022	PLANTATION COURT, NASHVILLE, TN 37221	PRIM RES ASSOC
001	023	PLANTATION COURT (GARAGES), NASHVILLE, TN 37221	OUTBUILDING
001	024	PLANTATION COURT (CLUBHOUSE), NASHVILLE, TN 37221	MERCANTILE

LOC-SCHED (01/ 97)

Insured Copy



Policy Number

WA 0100034399 02

ENDORSEMENT

Middlesex Mutual Assurance Company

Named Insured RIVER PLANTATION II

Effective Date: 06-15-11

12:01 A.M., Standard Time

Agent Name FRIDRICH, PINSON & ROTHBERG

Agent No. 01968

AWA 6814 12 09 EXTENDED BUSINESS INCOME

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED BUSINESS INCOME COVERAGE

THIS ENDORSEMENT MODIFIES COVERAGE UNDER THE FOLLOWING:
WORLDS APART ADVANTAGE ENDORSEMENT

UNDER THE WORLDS APART ADVANTAGE ENDORSEMENT, AWA 66 14, PARAGRAPH C., EXTENDED BUSINESS INCOME, IS DELETED AND REPLACED BY THE FOLLOWING:

C. THE FOLLOWING COVERAGE IN PARAGRAPH A.5. ADDITIONAL COVERAGE, F. BUSINESS INCOME, PARAGRAPH (2) (A) (II) II. IS DELETED AND REPLACED WITH THE FOLLOWING:

90 CONSECUTIVE DAYS AFTER THE DATE DETERMINED IN (A) (I) ABOVE.

MUTUAL CONDITIONS MIDDLESEX MUTUAL ASSURANCE COMPANY

The following conditions apply to Middlesex Mutual Assurance Company.

A. Mutuality of Policy

By accepting this policy, the Named Insured on the declarations becomes a member of Middlesex Mutual Assurance Company with all the rights and privileges of a member. These rights and privileges are as provided in the Middlesex Mutual Bylaws in force at the time this policy takes effect, or that may become effective during the continuance of this policy. When this policy is either lapsed or terminated, the Named Insured on the declarations will cease to be a member of Middlesex Mutual and the Named Insured's rights and interests in Middlesex Mutual will end. All insureds must cooperate with us by doing all that is possible to prevent losses. The purpose is to reduce the cost of insurance to the lowest point consistent with solvency and sound insurance protection.

B. Policy Non-assessable.

This policy will be without contingent liability and is non-assessable.

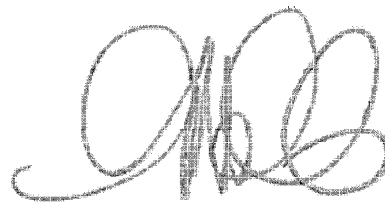
C. Annual Meeting.

The annual meetings of the company shall be held at Holyoke Square, 39 Norman Street # 1, Salem, MA 01970 on the first Friday of May, in each year, at 10:15 AM or on such other date and at such other time as may be determined by the Board of Directors.

In Witness Whereof, this Company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company at the agency hereinbefore mentioned.



James M. Jacobs
Secretary



Gary Vallo
Chief Executive Officer

Middlesex Mutual Assurance Company

POLICY NUMBER: WA 0100034399 02

AIL 10 01 06 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LEAD LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusions are added to this policy and apply to all buildings covered under this policy that were built prior to 1980 (in Maryland 1979) and have not been certified lead-free by the appropriate State Agency:

SECTION II- Liability

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

This insurance does not apply to:

1. Actual or alleged "bodily injury" arising out of the ingestion, inhalation or absorption of lead in any form;
2. Actual or alleged "property damage" (or "personal and advertising injury", if provided by this policy) arising out of any form of lead;
3. Any loss, cost or expense arising out of any request, demand or order that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effects of lead; or
4. Any loss, cost or expense arising out of any claim or suit by or on behalf of any governmental authority for damages resulting from testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing or in any way responding to or assessing the effects of lead.

WORLDS APART BUSINESSOWNERS PROGRAM

NOTICE TO POLICYOWNERS

NOTICE TO POLICYOWNERS

WINDSTORM OR HAIL EXCLUSION

When AWA 6630 06 06 WINDSTORM OR HAIL EXCLUSION has been included in your policy, the Described Premises identified by the symbol X shown in the Wind Exclusion Column of the Schedule of Property Limits and Special Deductibles is not covered for losses caused directly or indirectly by Windstorm or Hail as defined in the endorsement.

NOTICE TO ARKANSAS POLICYOWNERS

IMPORTANT NOTICE REGARDING FIRE PROTECTION

Did you know that the firefighting ability of your Fire Department helps lower your insurance rates? It's true! The better your firefighters are equipped and trained, the better their access to water for fighting fires, the length of time it takes for them to arrive at a fire, are a few of the many factors that have an impact on your property insurance rates. Help your firefighters help you! They need your support, financial and otherwise. Adequate funding is important to improving the protection that may translate to lower premiums!

ADDRESS & PHONE # OF THE ARKANSAS INSURANCE DEPARTMENT

Arkansas Insurance Dept., Consumer Services Division,
1200 W. 3rd St.
Little Rock, AR 72201-1904

Telephone 800-852-5494 or 501-371-2640

NOTICE TO IDAHO POLICYOWNERS

ADDRESS & PHONE # OF THE IDAHO DEPARTMENT OF INSURANCE

Idaho Department of Insurance
Consumer Affairs
700 W State Street, 3rd Floor
PO Box 83720
Boise ID 83720-0043

1-800-721-3272 or www.DOI.Idaho.gov

NOTICE TO MASSACHUSETTS POLICYOWNERS

NOTIFICATION OF COVERAGE FOR FUNGUS/ MOLD DAMAGE AS A RESULT OF OTHERWISE COVERED PERILS

The Massachusetts Division of Insurance requires that all residents and businesses of Massachusetts be provided the opportunity to purchase limited property insurance coverage for fungus/ mold damages as a result of an otherwise covered peril.

This policy being offered, issued, or renewed already provides this coverage at no additional premium charge.

NOTICE TO NEW JERSEY POLICYOWNERS

THIS POLICY CONTAINS AGGREGATE LIMITS; REFER TO SECTION D – LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE FOR DETAILS.

HAZARDS OF LEAD LIABILITY EXCLUSION

Your policy may contain the following endorsement:

BP 04 76 NEW JERSEY CHANGES- EXCLUSION- LIABILITY FOR HAZARDS OF LEAD. Please read this exclusion and your other forms and endorsements carefully.

This form excludes the hazards of lead from your Businessowners Liability Coverage. It applies only to premises constructed prior to 1978.

You may obtain Businessowners Liability Coverage for lead paint or lead contamination if the premise(s) covered by this policy has been certified as being free of existing lead hazards pursuant to standards established by the New Jersey Department of Community Affairs.

If your property meets the above conditions and you are interested in this coverage, contact your Independent Agent. The agency name and telephone number is located at the bottom of you Businessowners Policy Declarations Page.

NOTICE TO OHIO POLICYOWNERS

IMPORTANT NOTICE – OHIO MINE SUBSIDENCE INSURANCE COVERAGE OFFER

This constitutes an offer to include mine subsidence insurance coverage in your property insurance policy if the policy covers a one to four family dwelling structure located in one of the following Ohio counties:

Delaware, Erie, Geauga, Lake, Licking, Medina, Ottawa, Portage, Preble, Summit & Wayne

Mine Subsidence insurance, provided by the Ohio Mine Subsidence Insurance Underwriting Association provides up to \$50,000 of coverage or the amount of insurance on the dwelling, whichever is less, for property damage to the structure caused by mine subsidence. Mine subsidence is loss caused by the collapse or lateral or vertical movement of structures resulting from the caving in of underground mines.

The annual premium for this coverage is \$5.00.

To accept this offer you must complete an application for mine subsidence coverage and return it to us. You may obtain this application from us or your insurance agent who obtained the insurance on the dwelling for you. Your Agents name, address and telephone number are shown at the top right of the enclosed policy declarations page. OH-MSI-1 (3-99)

NOTICE TO SOUTH CAROLINA POLICYOWNERS

SOUTH CAROLINA – POTENTIAL ELIGIBILITY FOR WINDSTORM LOSS MITIGATION PREMIUM DISCOUNTS

The purpose of this Notice is to advise you that you may be eligible for a reduction in the premium for your Businessowners insurance if certain steps have been taken to prevent or reduce damage from windstorm. The discounts, if any, would apply only to the portion of the premium attributable to wind coverage.

Contact your agent, broker or insurer for additional information.

NOTICE TO VIRGINIA POLICYOWNERS

FUNCTIONAL REPLACEMENT

If coverage under this policy applies on a functional replacement cost basis it means that, under certain conditions, claims may be settled for less than the actual cash value of the property insured.

ORDINANCE OR LAW

Coverage can now be added to your policy for increased costs to repair or replace damaged property due to the application of ordinances or laws that regulate construction, repair or demolition.

This additional coverage provides protection when a building damaged by a covered cause of loss must be repaired or rebuilt in a more costly manner because the type of construction used when the building was built does not comply with current building codes. Coverage can also be provided when laws or ordinances require the demolition of damaged buildings, including undamaged portions, prior to rebuilding in compliance with current building codes.

Contact your agent if you wish to add this coverage, or if you want additional information.

NOTICE TO WEST VIRGINIA POLICYOWNERS

THIS POLICY DOES NOT COVER DAMAGE FROM FLOOD.

FOR INFORMATION ABOUT FLOOD INSURANCE, PLEASE CONTACT THE NATIONAL FLOOD INSURANCE PROGRAM OR YOUR INSURANCE AGENT.

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Carefully read your policy including its endorsements.

There is no acknowledgement or response required by you.

If you have any questions about this disclosure or any other question about your policy, contact your Insurance Agent. Your Agent's name and telephone number are located on the declarations page of this policy.

BUSINESSOWNERS POLICY DECLARATIONS

Middlesex Mutual Assurance Company

Named Insured RIVER PLANTATION II

Policy Period from 06-15-2011 to 06-15-2012 12:01 A.M. Standard Time

Agent Name FRIDRICH, PINSON & ROTHBERG

Agent No. 01968

DESCRIBED PREMISES: See Schedule of Locations
 MORTGAGE HOLDER NAME AND ADDRESS: See Schedule of Mortgagees
 LIMITS OF PROPERTY INSURANCE AND DEDUCTIBLES See Below and Schedule of Property Limits and Special Deductibles

DEDUCTIBLES	
Property Deductible	\$ 2,500
Glass Deductible	\$ None
Additional Deductibles may apply to this policy for details see the Schedule of Property Limits and Special Deductibles and any attached Deductible forms.	

PRIMARY LOSS LIMIT: \$ PER OCCURRENCE
 BUILDING LIMIT – AUTOMATIC INCREASE 3 %
 FORMS APPLICABLE See Schedule of Forms and Endorsements

Coverage is applicable only if a "X" is shown in the boxes below and / or a limit of insurance is shown.

OPTIONAL COVERAGES:		Limits of Insurance	
<input checked="" type="checkbox"/>	Employee Dishonesty	\$ 100,000	Per occurrence
<input type="checkbox"/>	Outdoor Signs		Per occurrence
<input type="checkbox"/>	Burglary and Robbery (Named Perils or Standard Form only)		Inside the Premises Outside the Premises
<input checked="" type="checkbox"/>	Money and Securities	\$ 25,000 \$ 25,000	Inside the Premises Outside the Premises
<input checked="" type="checkbox"/>	Equipment Breakdown		
<input type="checkbox"/>	Employee Benefits		
<input checked="" type="checkbox"/>	Hired / Non-owned		
<input checked="" type="checkbox"/>	Additional Optional Coverages		

Except for Fire Legal Liability, each paid claim for the following liability coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to Paragraph D.4 Section II-Liability in the Businessowners Coverage Form and any attached endorsements

		Limits of Insurance	
Liability and Medical Expenses/ General Aggregate		\$2,000,000 / \$4,000,000	
Medical Expenses		\$ 5,000	Per person
Products / Completed Operations Aggregate		\$4,000,000	
Damage To Premises Rented to You		\$ 300,000	Any one fire or explosion
Tenants Liability			
PREMIUM: Premium for this Businessowners Policy		\$ 41,076.00	

SCHEDULE OF PROPERTY LIMITS AND DEDUCTIBLES

AWA DS 02 06 06

Policy# WA 0100034399 02

Loc #	Bldg #	Units	Limit of Insurance			Building Loss Payment Option ⁽²⁾	Flood ⁽³⁾	Earth Quake ⁽⁴⁾	Water Backup & Sump Overflow	Loss Assessment	Miscellaneous Real Property
			Building	Bldg Personal Property	Wind Excl ⁽¹⁾						
1	1	4	562,501			GRC		20,000			
1	2	4	562,501			GRC		20,000			
1	3	4	562,501			GRC		20,000			
1	4	4	562,501			GRC		20,000			
1	5	4	562,501			GRC		20,000			
1	6	6	843,752			GRC		20,000			
1	7	6	843,752			GRC		20,000			
1	8	6	843,752			GRC		20,000			
1	9	6	843,752			GRC		20,000			
1	10	6	843,752			GRC		20,000			
1	11	8	1,125,003			GRC		20,000			
1	12	8	1,125,003			GRC		20,000			
1	13	8	1,125,003			GRC		20,000			
1	14	8	1,125,003			GRC		20,000			
1	15	8	1,125,003			GRC		20,000			
1	16	8	1,125,003			GRC		20,000			
1	17	8	1,125,003			GRC		20,000			
1	18	8	1,125,003			GRC		20,000			
1	19	8	1,125,003			GRC		20,000			
1	20	8	1,125,003			GRC		20,000			

Loc #	Bldg #	Special Deductibles				Ordinance or Law Coverage				
		Earth quake	Wind or Wind/ Hail	VMM	Water per Unit	Water per Building	Cov. 1	Cov. 2		
1	1				2,500		X		56,250	
1	2				2,500		X		56,250	
1	3				2,500		X		56,250	
1	4				2,500		X		56,250	
1	5				2,500		X		56,250	
1	6				2,500		X		59,063	
1	7				2,500		X		59,063	
1	8				2,500		X		59,063	
1	9				2,500		X		59,063	
1	10				2,500		X		59,063	
1	11				2,500		X		56,250	
1	12				2,500		X		56,250	
1	13				2,500		X		56,250	
1	14				2,500		X		56,250	
1	15				2,500		X		56,250	
1	16				2,500		X		56,250	
1	17				2,500		X		56,250	
1	18				2,500		X		56,250	
1	19				2,500		X		56,250	
1	20				2,500		X		56,250	

Key to Abbreviations:

- (1) X= Windstorm or Hail Exclusion form AWA 66 30 Applies
- (2) RC= Replacement Cost; ERC= Extended Replacement Cost, GRC= Guaranteed Replacement Cost, ERRC= Extended Restorationist Replacement Cost, GRRC= Guaranteed Restorationist Replacement Cost, ACV= Actual Cash Value
- (3) X= Flood Coverage Endorsement form AWA 66 59 Applies
- (4) X= Earthquake Coverage form BP 10 03 Applies

SCHEDULE OF PROPERTY LIMITS AND DEDUCTIBLES

AWA DS 02 06 06

Policy# WA 0100034399 02

Loc #	Bldg #	Units	Limit of Insurance				Flood ⁽³⁾	Earth Quake ⁽⁴⁾	Water Backup & Sump Overflow	Loss Assessment	Miscellaneous Real Property
			Building	Bldg Personal Property	Wind Excl ⁽¹⁾	Building Loss Payment Option ⁽²⁾					
1	21	8	1,125,003					20,000			
1	22	8	1,125,003					20,000			
1	23	0	441,178					20,000			
1	24	0	496,325					20,000			

Loc #	Bldg #	Special Deductibles				Ordinance or Law Coverage				
		Earth quake	Wind or Wind/ Hail	VMM	Water per Unit	Water per Building	Cov. 1	Cov. 2		
1	21				2,500		X		56,250	
1	22				2,500		X		56,250	
1	23				2,500		X		52,941	
1	24				2,500		X		54,596	

Key to Abbreviations:
 (1) X= Windstorm or Hail Exclusion form AWA 66 30 Applies
 (2) RC= Replacement Cost; ERC= Extended Replacement Cost, GRC= Guaranteed Replacement Cost,
 ERRC= Extended Restorationist Replacement Cost, GRRC= Guaranteed Restorationist Replacement Cost, ACV= Actual Cash Value
 (3) X= Flood Coverage Endorsement form AWA 66 59 Applies
 (4) X= Earthquake Coverage form BP 10 03 Applies

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) \$ **INCL**

Additional information, if any, concerning the terrorism premium:

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

A. Disclosure Of Premium

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

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENNESSEE CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section III - Common Policy Conditions is amended as follows:

A. Paragraph A. Cancellation is amended as follows:

1. Paragraph **2.a.** does not apply.
2. Paragraph **5.** is replaced by the following:
 5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The refund will be pro rata if:

- a. We cancel; or
- b. The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

The refund may be less than pro rata if the first Named Insured cancels the policy.

The cancellation will be effective even if we have not made or offered a refund.

3. The following paragraph is added:

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

If this policy has been in effect for **60** days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a. Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;

- b. Your conviction of a crime increasing any hazard insured against;
- c. Discovery of fraud or material misrepresentation on the part of either of the following:
 - (1) You or your representative in obtaining this insurance; or
 - (2) You in pursuing a claim under this policy;
- d. Failure to comply with written loss control recommendations;
- e. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;
- f. Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;
- g. Your violation or breach of any policy terms or conditions; or
- h. Other reasons that are approved by the insurance commissioner.

Notice of cancellation will state the reason for cancellation.

B. The following is added to Paragraph I. Premiums:

5. Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

D. The following paragraph is added:

M. Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60 days before the expiration date unless:
 - a. We have offered to issue a renewal policy; or

- b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

Middlesex Mutual Assurance Company

POLICY NUMBER: WA 0100034399 02

AIL 10 08 06 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – TANNING BEDS AND TANNING BED OPERATIONS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **SECTION II – LIABILITY**:

A. The following exclusion is added to Paragraph B.1., Exclusions:

1. Applicable to Business Liability Coverage

This insurance does not apply to:

"Bodily injury," "property damage," "personal and advertising injury," or professional liability arising out of the ownership, maintenance or use of any tanning booth, tanning bed, tanning equipment or tanning device or the rendering or failure to render any professional services in connection with any tanning device.

Nothing contained here varies, alters, or extends any provisions of the policy except as provided in this endorsement.

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Middlesex Mutual Assurance Company

POLICY NUMBER: WA 0100034399 02

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added to **A5. Additional Coverages** in **Section I – Property** of the Businessowners Coverage Form:

Equipment Breakdown

(1) We will pay for loss caused by or resulting from an "accident" to "covered equipment." As used in this Additional Coverage, an "accident" means direct physical loss as follows:

- (a) mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (b) artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
- (c) explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- (d) loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- (e) loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

If an initial "accident" causes other "accidents," all will be considered one "accident." All "accidents" that are the result of the same event will be considered one "accident."

"Covered equipment" means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

(2) The following coverages also apply to loss caused by or resulting from an "accident" to "covered equipment." These coverages do not provide additional amounts of insurance.

(a) **Expediting Expenses**

With respect to your damaged Covered Property, we will pay, up to \$25,000, the reasonable extra cost to:

- (i) make temporary repairs; and
- (ii) expedite permanent repairs or permanent replacement.

(b) **Hazardous Substances**

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional costs to clean up or dispose of such property.

"Hazardous substance" means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.

Additional costs mean those beyond what would have been required had no "hazardous substance" been involved.

The most we will pay for loss or damage under this coverage, including actual loss of Business Income you sustain, necessary Extra Expense you incur and loss under Spoilage coverage, is \$25,000.

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(c) Spoilage

- (i) We will pay for your loss of "perishable goods" due to spoilage.
- (ii) We will also pay for your loss of "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.
- (iii) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (iv) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident," less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment condition.
- (v) Additional Definition. For the purpose of this coverage, "perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

The most we will pay for loss or damage under this coverage is \$25,000.

(d) Data Restoration

We will pay for your cost to research, replace and restore data, including programs and operating systems, that is lost or corrupted due to an "accident." The most we will pay for loss or damage under this coverage, is \$25,000.

(e) CFC Refrigerants

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances. This means the additional cost to do the least expensive of the following:

- (i) Repair the damaged property and replace any lost CFC refrigerant;
- (ii) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- (iii) Replace the system with one using a non-CFC refrigerant.

Additional costs mean those beyond what would have been required had no CFC refrigerant been involved.

The most we will pay for loss or damage under this coverage, including actual loss of Business Income you sustain, necessary Extra Expense you incur and loss under Spoilage coverage, is \$25,000.

(f) Service Interruption

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

(3) Exclusions

- (a) With respect to coverage provided in this Additional Coverage, all exclusions and limitations apply except:
 - (i) Exclusions **B.2.a.**, **B.2.d.** and **B.2.l.(6)**;
 - (ii) Limitations **A.4.a.(1)** and **A.4.a.(2)**.

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- (b) With respect to coverage provided in this Additional Coverage, the exclusions are modified as follows:
- (i) The following is added to Exclusion **B.1.g.(1)**:
However, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.
 - (ii) As respects this endorsement only, the last paragraph of Exclusion **B.2.I.** is deleted and replaced with the following:
But if an excluded cause of loss that is listed in **B.2.I.(1)** through **B.2.I.(7)** results in an "accident," we will pay for the loss or damage caused by that "accident."
- (c) If **BP 10 09 Named Perils** is attached to the policy , under paragraph **E.1.B. Exclusions, B.2.a, B.2.d.** and **B.2.e.** do not apply.
- (d) With respect to coverage provided in this Additional Coverage None of the following is "covered equipment":
- (i) structure, foundation, cabinet, compartment or air supported structure or building;
 - (ii) insulating or refractory material;
 - (iii) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - (iv) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (v) excavation equipment or construction equipment;
 - (vi) vehicle, aircraft, floating vessel or any equipment mounted on such vehicle, aircraft or floating vessel. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power supplier will not be considered a vehicle, aircraft or floating vessel; or
 - (vii) equipment manufactured by you for sale.
- (e) We will not pay under this endorsement for loss or damage caused by or resulting from any:
- (i) defect, virus, loss of data or other situation within Electronic Media and Records. But if loss or damage from an "accident" results, we will pay for that resulting loss or damage; and
 - (ii) any of the following tests:
a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
an insulation breakdown test of any type of electrical equipment; or
 - (iii) If **BP 10 09 Named Perils** is attached to the policy, depletion, deterioration, corrosion erosion, wear and tear, or other gradually developing conditions. But if loss or damage from an "accident" results, we will pay for that resulting loss or damage.
- (f) With respect to Service Interruption coverage and Spoilage coverage, we will also not pay for loss or damage caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for steam or centrifugal explosion); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing or collapse.
- (g) With respect to Service Interruption coverage and Business Income and Extra Expense coverages, we will also not pay for delay in resuming operations due to the need to reconstruct or re-input data or programs on Electronic Media and Records.

(4) Conditions**(a) Suspension**

When any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

(b) Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

(c) Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

(5) With respect to the coverage provided by this endorsement, paragraph H.1. of **Property Definitions is deleted and replaced with the following:**

"Computer" means:

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" includes those used to operate production type machinery or equipment.

The most we will pay for loss or damage under this endorsement is the applicable Limit of Insurance shown in the Declarations. Coverage provided under this endorsement does not provide an additional amount of insurance.

Nothing contained here varies, alters, or extends any provisions of the policy except as provided in this endorsement.

Middlesex Mutual Assurance Company

POLICY NUMBER: WA 0100034399 02

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY. WORLDS- APART ADVANTAGE ENDORSEMENT

THIS ENDORSEMENT CONTAINS LIMITATIONS AND RESTRICTIONS.

For additional premium, this endorsement is added to the policy.

This endorsement modifies coverage under the following:

BUSINESSOWNERS COVERAGE FORM

The following is a summary of increased limits of insurance and additional coverage provided by this endorsement. This endorsement is subject to the provisions of your policy, which means that it is subject to all terms, limitations and conditions applicable to the Businessowners Coverage Form unless specifically deleted, replaced, or modified herein. This endorsement is applicable only to those premises described in the Declarations. Coverage for loss of Business Income or Extra Expense does not apply if a loss is covered only as a result of this endorsement. No deductible applies to these coverages unless specifically stated in the coverage description.

Endorsement Schedule	
Coverage Description	Limit of Insurance
Fire Department Service Charge	\$10,000
Pollutant Clean Up and Removal	\$25,000
Forgery Or Alteration	\$25,000
Business Income	18 months actual loss sustained + 60 consecutive days
Valuable Papers And Records	
at the described premises	\$50,000
not at the described premises	\$15,000
Accounts Receivable	
at the described premises	\$50,000
not at the described premises	\$15,000
Claims Data Expense	\$ 5,000
Mercantile and Office Tenants Move Back Expenses	\$10,000
Lessor's Leasehold Interest for Mercantile or Office Occupancy Tenants	\$10,000
Newly Acquired or Constructed Building	\$500,000
Newly Acquired Business Personal Property	\$100,000
Newly Acquired Locations Business Income and Extra Expense	\$250,000
Outdoor Property	\$10,000
Personal Effects	\$5,000
Money and Securities	
Inside the premises	\$25,000
Outside the premises	\$25,000
Employee Dishonesty and Designated Property Management Agent	Shown on the Policy Declarations
Business Liability Aggregate Limit of Insurance	Business Liability Limits of Insurance per location.

A. Coverages **c.**, **h.**, and **k.** in Paragraph **A.5. Additional Coverages** in **Section I - Property** are deleted and replaced with the following:

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to **\$10,000** for your liability for fire department service charges:

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

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h. 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 earlier of:

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

The most we will pay for each location under this Additional Coverage is **\$25,000** for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

k. Forgery Or Alteration

- (1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", which you or your agent has issued, or which was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- (3) The most we will pay for any loss, including legal expenses, under this Additional Coverage is **\$25,000** unless a higher Limit of Insurance is shown in the Declarations.

B. Paragraph (1) (b) in Section I – Property, A.5. Additional Coverages, f. Business Income paragraph (1)(b), is deleted and replaced with the following:

(b) We will only pay for loss of Business Income which you sustain during the "period of restoration" and which occurs within **18 consecutive months** after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for **60 days** following the date of direct physical loss or damage, unless a greater number of consecutive days is shown in the policy Declarations.

Business Income means the:

- (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and
- (ii) Continuing normal operating expenses incurred, including payroll.
Ordinary payroll expenses mean payroll expenses for all your employees except:
 - (a) Officers;
 - (b) Executives;
 - (c) Department Managers;
 - (d) Employees under contract; and
 - (e) Additional Exemptions shown in the Declarations as:
 - (i) Job Classifications; or
 - (ii) Employees.

Ordinary payroll expenses include:

- (a) Payroll;
- (b) Employee benefits, if directly related to payroll;
- (c) FICA payments you pay;
- (d) Union dues you pay; and
- (e) Workers' compensation premiums.

C. Paragraph (2)(a)(ii)ii. in Section 1- Property, A.5. Additional Coverages, f. Business Income is deleted and replaced with the following:

(ii) 60 consecutive days after the date determined in (a)(i) above, unless a greater number of consecutive days is shown in the policy Declarations.

D. The following coverages are added to Paragraph A.5. Additional Coverages in Section I Property with increased limits of insurance shown below:

p. Valuable Papers And Records

- (1) We will pay for direct physical loss of or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This coverage includes the cost to research lost information on "valuable papers and records" for which duplicates do not exist.
- (2) This coverage does not apply to:
 - (a) Property held as samples or for delivery after sale; or
 - (b) Property in storage away from the premises shown in the Declarations.
- (3) The most we will pay under this coverage for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$50,000. For "valuable papers and records" not at the described premises, the most we will pay is \$15,000.

The limits of insurance provided by this endorsement are considered excess over any other limits of insurance. If a higher limit of insurance is shown on the policy Declarations the limits of insurance provided in this endorsement will be considered an additional limit.

- (4) Paragraph B. Exclusions in Section I – Property does not apply to this Coverage except for:
 - (a) Paragraph B.1.c. Governmental Action;
 - (b) Paragraph B.1.d. Nuclear Hazard;
 - (c) Paragraph B.1.f. War and Military Action;
 - (d) Paragraph B.2.f. Dishonesty;
 - (e) Paragraph B.2.g. False Pretense; and
 - (f) Paragraph B.3.

q. Accounts Receivable

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

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

- (2) The most we will pay under this Coverage for loss or damage in any one occurrence at the described premises is \$50,000 unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay is \$15,000.

The limits of insurance provided by this endorsement are considered excess over any other limits of insurance. If a higher limit of insurance is shown on the policy Declarations the limits of insurance provided in this endorsement will be considered an additional limit.

- (3) Paragraph **B. Exclusions** in **Section I** does not apply to this Coverage except for:
 - (a) Paragraph **B.1.c. Governmental Action**;
 - (b) Paragraph **B.1.d. Nuclear Hazard**;
 - (c) Paragraph **B.1.f. War and Military Action**;
 - (d) Paragraph **B.2.f. Dishonesty**;
 - (e) Paragraph **B.2.g. False Pretense**;
 - (f) Paragraph **B.3.**; and
 - (g) Paragraph **B.5. Accounts Receivable Exclusion**.

E. The following Coverages are added to Paragraph **A.5. Additional Coverages in **Sections I - Property****

r. Claims Data Expenses

- (1) We will reimburse you for the reasonable expense you incur in preparing claims data when we require it. This includes the cost of taking inventories, making appraisals, preparing income statements and preparing other documentation to show the extent of the loss.
- (2) The most we will pay for preparation of claims data under this coverage is **\$5,000**.
- (3) We will not pay for any expenses incurred, directed or billed by or payable to claim adjusters or their associates or subsidiaries or any cost as provided by in **E. Property Loss Conditions 2. Appraisal**.

s. Mercantile And Office Tenants Move Back Expenses

- (1) We will reimburse you for expenses you pay for Covered Move Back Costs of your mercantile or office tenants who temporarily vacate a portion of the building at the premises described in the Declarations subject to the following conditions:
 - (a) The vacancy must have occurred due to direct physical loss of or damage to your Covered Property caused by or resulting from a Covered Cause of Loss during the policy period.
 - (b) The move back must take place within 60 days after the portion of the building rented to your tenant has been repaired or rebuilt and is ready for occupancy.
- (2) Covered Move Back Costs means only documented, reasonable and necessary costs of:
 - (a) Packing, insuring and transporting business personal property;
 - (b) Reestablishing electric utility and communication services, less refunds from discontinued services;
 - (c) Assembling and setting up fixtures and equipment; and
 - (d) Unpacking and reshelving stock and supplies.
- (3) If your tenants have valid and collectible insurance for Covered Move Back Costs, we will pay only for the amount of the Covered Move Back Costs in excess of the amount payable from such other insurance.
- (4) The most we will pay under this additional coverage is **\$10,000** for the sum of all such expenses arising out of an occurrence at a described premises.

t. Lessor's Leasehold Interest For Mercantile Or Office Occupancy Tenants

We will pay for loss of Covered Leasehold Interest you sustain due to the cancellation of lease contracts by your mercantile or office occupancy tenants. The cancellation must result from direct physical loss of or damage to your Covered Property at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss during the term of this policy.

Covered Leasehold Interest means the difference between the:

- (1) Rent you were collecting at the described premises prior to loss; and
- (2) Rental Value of the described premises after loss or damage has been repaired or rebuilt.

Covered Leasehold Interest does not include refunds or rebates of:

- (1) Prepaid rent;
- (2) Security or other deposits made by your tenants; and
- (3) Insurance, taxes or other payments made on your behalf by tenants.

The most we will pay under this Additional Coverage is the smaller of:

- (1) Your Covered Leasehold Interest for the 12 months immediately following the "period of restoration" plus the 90 days of extended Business Income but ending with the normal expiration date of each cancelled lease; or
- (2) **\$10,000** for all Covered Leasehold Interest of your mercantile or office occupancy tenants canceling their leases arising out of an occurrence at a described premises.

F. Coverages a., c., and d. in Paragraph A.6. Coverage Extensions of Section I – Property have been deleted and replaced by the following:

a. **Newly Acquired Or Constructed Property**

(1) **Buildings**

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

- (a) Your new building while being built on the described premises; and
- (b) Buildings you acquired at premises, other than the one described, 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 **\$500,000**.

The policy's largest All Perils Deductible will apply to a loss covered by this coverage.

(2) **Business Personal Property**

If this policy covers 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;
- (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.

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

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

The policy's largest All Perils Deductible will apply to a loss covered by this coverage.

(3) **Business Income And Extra Expense – Newly Acquired Locations**

- (a) Your Business Income and Extra Expense Coverage is extended to apply to property at any location you acquire by purchase or lease (other than at fairs or exhibitions).
- (b) The most we will pay under this Extension for the sum of Business Income and Extra Expense incurred is **\$250,000** at each location.

(4) **Period Of Coverage**

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

- (a) This policy expires;
- (b) 60 days expire after you acquire or begin to construct the property;
- (c) You report the location to us;
- (d) The Business Income or Extra Expense is more specifically insured.

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

c. Outdoor Property

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

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

The most we will pay for loss or damage under this Extension is **\$10,000**, but not more than **\$1,000** for any one tree, shrub or plant.

d. Personal Effects

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or your employees. This extension does not apply to:

- (1) Tools or equipment used in your business; or
- (2) Loss or damage by theft.

The most we will pay for loss or damage under this Extension is **\$5,000** at each described premises.

G. Under paragraph A.6. Coverage Extensions, coverage e. Valuable Papers And Records and f. Accounts Receivable are deleted.

H. Under Section I - Property, G. Optional Coverages, coverages 2. Money And Securities and 3. Employee Dishonesty are included for the Limits of Insurance shown on the Endorsement Schedule, subject to the following changes:

Under **2. Money and Securities** item **c.** is deleted and replaced by the following:

c. The most we will pay for loss in any one occurrence is:

- (1) **\$25,000** for Inside the Premises for "money" and "securities" while:
 - (a) In or on the described premises; or
 - (b) within a bank or savings institution; and
- (2) **\$25,000** for Outside the Premises for "money" and "securities" while anywhere else.

Under **3. Employee Dishonesty** the following provisions are added:

j. Designated Property Management Agent Provisions:

(1) The term Employee also includes each natural person, partnership or corporation you appoint in writing to act as your Property Management Agent while acting on your behalf or while in possession of Covered Property. These natural persons, partnerships or corporations are not covered for faithful performance of duty. The only covered cause of loss for these designated agents is employee dishonesty as defined in the **3. Employee Dishonesty** Coverage.

Each such agent and the partners, officers and employees of that agent are considered to be collectively one employee for the purpose of this insurance. However, Employee Dishonesty Coverage paragraph **f.** applies individually to each of them.

(2) The most we will pay under this policy for loss caused by a Property Management Agent included as an employee by this coverage is the Limit of Insurance shown in the Policy Schedule for this coverage. That Limit of Insurance is part of, not in addition to, the Limit of Insurance shown in the Endorsement Schedule as applicable to the Employee Dishonesty Coverage.

- I. Under **Section II – Liability** paragraph **D. Liability And Medical Expenses Limits Of Insurance**, the limit of insurance for all injury or damage other than injury or damage under the "products-completed operations hazard" applies separately to each "location" owned or rented by you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway or right-of-way of a railroad.

Nothing contained here varies, alters, or extends any provision of this policy except as provided in this endorsement.

Middlesex Mutual Assurance Company

POLICY NUMBER: WA 0100034399 02

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED PROPERTY MANAGEMENT AGENT AS AN EMPLOYEE COVERED FOR 'EMPLOYEE DISHONESTY' ONLY ENDORSEMENT

This endorsement modifies insurance provided under the:

BUSINESSOWNERS COVERAGE FORM

This endorsement applies to **G. Optional Coverage 3. Employee Dishonesty.**

Designated Property Management Agent(s): Name(s) and Address:

IF ANY

PROVISIONS

1. The term **Employee** also includes each natural person, partnership or corporation you appoint in writing to act as your Property Management Agent while acting on your behalf or while in possession of Covered Property and designated in this endorsement. These natural persons, partnerships or corporations are not covered for faithful performance of duty. The only covered cause of loss for these designated Agents is employee dishonesty as defined in **G. 3. Employee Dishonesty** Coverage.

Each such agent and the partners, officers and employees of that agent are considered to be collectively one employee for the purpose of this insurance. However, Employee Dishonesty Coverage paragraph **f.** applies individually to each of them.

2. The most we will pay under this policy for loss caused by a Property Management Agent included as an employee by this endorsement is the Limit of Insurance shown in the Policy Schedule for this endorsement. That Limit of Insurance is part of, not in addition to, the Limit of Insurance shown in the Policy Schedule as applicable to the Employee Dishonesty Coverage.

Nothing contained here varies, alters, or extends any provision of this policy except as provided in this endorsement.

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Middlesex Mutual Assurance Company

POLICY NUMBER: WA 0100034399 02

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL WATER DAMAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

One of the following applies to Section I Property as shown on the Schedule of Property Limits and Deductibles.

1. ADDITIONAL WATER DAMAGE DEDUCTIBLE – PER UNIT

If loss or damage caused by or resulting from covered water damage occurs, we will not pay for such damage in any one occurrence until the amount of loss or damage to any one unit exceeds the Additional Water Damage Deductible- per unit shown in the Policy Schedule. We will then pay the amount of loss damage in excess of the deductible, up to the applicable limit of insurance after any deduction required by any other deductible.

This deductible applies separately to each damaged unit.

2. ADDITIONAL WATER DAMAGE DEDUCTIBLE – PER BUILDING

If loss or damage caused by or resulting from covered water damage occurs, we will not pay for such damage in any one occurrence until the amount of loss or damage to any one building exceeds the Additional Water Damage Deductible- Per Building shown in the Policy Schedule. We will then pay the amount of loss damage in excess of the deductible, up to the applicable limit of insurance after any deduction required by any other deductible.

This deductible applies separately to each damaged building.

Nothing contained here varies, alters, or extends any provision of this policy except as provided in this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

DEBRIS REMOVAL COVERAGE AND GUARANTEED REPLACEMENT COST – BUILDING(S)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SECTION I – PROPERTY A. Coverage Paragraph A.5 Debris Removal is deleted and replaced by the following:

5.Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
(2) Debris Removal does not apply to costs to:
(a) Extract "pollutants" from land or water; or
(b) Remove, restore or replace polluted land or water.
(3) Subject to the exceptions in Paragraph (4), the following provisions apply:
The most we will pay for debris removal expense is 35% 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, capped at 35% of the Limit of Insurance shown in the Declarations for the covered property that has sustained loss or damage.
(4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or more 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 35% 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, or
(c) The actual debris removal expense exceeds 35% of the Limit of Insurance for the Covered Property sustaining the loss.

Therefore, if Paragraphs (4)(a), (4)(b) and/ or (4)(c) apply, our total payment for debris removal expense may reach 35 % of the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

Example # 1 Loss is within Limit of Insurance

Table with 2 columns: Description and Amount. Rows include: 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 35% of the sum of the loss payable plus the deductible and less than 35% of the Limit of Insurance on the Covered Property. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example # 2 Loss is more than the Limit of Insurance

Limit of Insurance	\$	90,000
Amount of Deductible	\$	500
Amount of Loss	\$	100,000
Amount of Loss Payable	\$	99,500
		(\$100,000 – \$500)
Debris Removal Expense	\$	40,000
Debris Removal Expense Payable		
Basic Amount	\$	31,500
Additional Amount	\$	8,500

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$100,000 (\$99,500 + \$500) x .35 = \$35,000; capped at \$31,500). The cap applies because the amount payable for Debris Removal cannot exceed 35% of the Limit of Insurance for the Covered Property sustaining the loss.

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 35% of the loss payable and exceeds 35% of the Limit of Insurance on the Covered Property sustaining the loss. The additional amount of covered debris removal expense is \$8,500, payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$40,000.

Example # 3 Loss is more than the Limit of Insurance

Limit of Insurance	\$	200,000
Amount of Deductible	\$	1,000
Amount of Loss	\$	210,000
Amount of Loss Payable	\$	209,000
		(\$210,000 – \$1,000)
Debris Removal Expense	\$	90,000
Debris Removal Expense Payable		
Basic Amount	\$	70,000
Additional Amount	\$	10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$210,000 (\$209,000 + \$1000) x .35 = \$73,500; capped at \$70,000). The cap applies because the Debris Removal Expense exceeds 35% of the Amount of Loss and exceeds 35% of the Limit of Insurance for the Covered Property sustaining the loss.

The additional amount payable for Debris Removal Expense is provided in accordance with the terms of Paragraph (4), because the Debris Removal Expense (\$90,000) exceeds 35% of the loss payable and exceeds 35% of the Limit of Insurance on the Covered Property sustaining the loss. The additional amount of covered debris removal expense is \$10,000, payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$80,000; \$10,000 of the Debris Removal Expense is not covered.

SECTION I – With regard to SECTION I PROPERTY A. Coverage 1. Covered Property Paragraph a. Buildings PROPERTY LOSS CONDITIONS Paragraph E.6. Loss Payment is deleted and replaced by the following:

6. Loss Payment Guaranteed Replacement Cost – Building(s)

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

- a. 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;
 - (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 comparable material and quality, subject to Paragraph **d.(1)(d)** below.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Except as provided in Paragraphs **(3) and (4)** below, we will determine the value of Covered Property as follows:
 - (1) At "replacement cost" without deduction for depreciation, subject to the following:
 - (a) we will pay the cost to repair or replace, after application of the deductible(s) and without deduction for depreciation, but no more than the least of the following amounts.:
 - (i) The cost to replace, on the same premises, the lost or damaged property with other property:
 - i. Of comparable material and quality; and
 - ii. Used for the same purpose; or
 - (ii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.
 - If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.
 - (b) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a "replacement cost" basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a "replacement cost" basis if you notify us of your intent to do so within 180 days after the loss or damage.
 - (c) We will not pay on a "replacement cost" basis for any loss or damage:
 - (i) Until the lost or damaged property is actually repaired or replaced; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
 - However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of Paragraphs **d.(1)(a)** above whether or not the actual repair or replacement is complete.
 - (d) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (2) You must insure the covered property for 100% of the replacement cost as determined by us. This Limit of Insurance will be adjusted at least once a year to reflect the current replacement cost of the buildings. Any adjustments will be charged for at the rate in effect at the time the policy was issued.

- (3) You must report to us any additions or improvements to the covered property over \$50,000 which you make during the policy period. If such additions or improvements are not reported within 30 days of completion of construction, we will only pay a portion of the otherwise payable loss on such additions or improvements. That portion shall be determined by dividing the Limit of Insurance on the Declarations by the sum of the same Limit of Insurance and the "replacement cost" of the addition or improvement.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- f. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

The following definition has been added to Paragraph H. **Property Definitions**:

14. "replacement cost"

"replacement cost" means the amount which it would cost to repair, rebuild or replace the damaged building with common construction materials and methods which are equivalent and if available in the same architectural style as obsolete, antique or custom construction materials and methods used in the original construction.

Nothing contained herein varies, alters, or extends any provision of your policy except as provided in this endorsement.

Middlesex Mutual Assurance Company

POLICY NUMBER: WA 0100034399 02

AWA 67 01 06 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAPSURE COMMUNITY ASSOCIATION COVERAGE

This endorsement modifies insurance provided under the:

BUSINESSOWNERS COVERAGE FORM.

A. Section I – Property is amended as follows:

1. Paragraph **A.1.a. Building** in **Section I – Property** is replaced by the following:
 - 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:
 - (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; and
 - (c) Partition walls within the units.

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.

2. Paragraph **A.1.b. Business Personal Property** in **Section I – Property** is replaced by the following:
 - b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:
 - (1) Personal property owned by you or owned indivisibly by all unit-owners;

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(2) Your interest in the labor, materials, or services furnished or arranged by you on personal property of others;

(3) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under personal property of others.

Business Personal Property does not include personal property owned only by a unit-owner, unless it is in your care, custody or control as covered below.

This also includes property of others that is in your care, custody or control except as otherwise provided in Loss Payment Property Loss Condition **E.6.d.(3)(b)**.

3. The following is added to the **Property Loss Conditions** in **Section I – Property**:

a. The following is added to Paragraph **6. Loss Payment**:

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.

b. The following is added to the **Property Loss Conditions** in **Section I – Property**:

10. 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.

B. Section II - Liability

1. The following is added to Paragraph **C. Who Is An Insured**

4. Each individual unit-owner of the insured condominium, but only for liability arising out of the ownership, maintenance, or repair of that portion of the premises which is not reserved for that unit-owner's exclusive use or occupancy.

C. The following is added to Paragraph **K Transfer of Rights of Recovery Against Others To Us** in **Section III – Common Policy Conditions**:

3. 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.

Nothing contained here varies, alters, or extends any provision of this policy except as provided in this endorsement.

Middlesex Mutual Assurance Company

POLICY NUMBER: WA 0100034399 02

AWA 67 08 06 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EMPLOYEE DISHONESTY COVERAGE FOR DESIGNATED
COMMUNITY ASSOCIATION OFFICERS AND DIRECTORS**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

WORLDS APART ADVANTAGE ENDORSEMENT

For purposes of the **Employee Dishonesty** Coverage provided in **OPTIONAL COVERAGES, 3.** in the **Businessowners Coverage Form** and the **Employee Dishonesty** Coverage provided in paragraph **5.** **OPTIONAL COVERAGES, Worlds Apart Advantage Endorsement,** your association officers and directors will be considered employees whether or not they are compensated.

Nothing contained here varies, alters, or extends any provision of this policy except as provided in this endorsement.

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BUSINESSOWNERS 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 Coverage Form 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.

In **Section II - Liability**, the word "insured" means any person or organization qualifying as such under Paragraph **C - Who Is An Insured**.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph **H. Property Definitions in Section I - Property** and Paragraph **F. Liability And Medical Expenses Definitions in Section II - Liability**.

SECTION I - PROPERTY

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 includes Buildings as described under Paragraph **a.** below, Business Personal Property as described under Paragraph **b.** below, or both, depending on whether a Limit of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under Paragraph **2. Property Not Covered**.

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
- (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:

- (a) Fire extinguishing equipment;
- (b) Outdoor furniture;
- (c) Floor coverings; and
- (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(6) If not covered by other insurance:

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

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

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph **E.6.d.(3)(b)**;
- (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove; and
- (4) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph **1.b.(2)**.
- (5) Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

- a.** Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;

- b. "Money" or "securities" except as provided in the:
 - (1) Money and Securities Optional Coverage; or
 - (2) Employee Dishonesty Optional Coverage;
 - c. Contraband, or property in the course of illegal transportation or trade;
 - d. Land (including land on which the property is located), water, growing crops or lawns;
 - e. Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided in the:
 - (1) Outdoor Property Coverage Extension; or
 - (2) Outdoor Signs Optional Coverage;
 - f. Watercraft (including motors, equipment and accessories) while afloat.
 - g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided in this policy.
 - h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock".
- 3. Covered Causes Of Loss**
- Risks of direct physical loss unless the loss is:
- a. Excluded in Paragraph **B**. Exclusions in Section **I**; or
 - b. Limited in Paragraph **4**. Limitations in Section **I**.
- 4. Limitations**
- a. We will not pay for loss of or damage to:
 - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken, unless caused by the "specified causes of loss" or building glass breakage. This restriction does not apply to:
 - (1) Glass that is part of the exterior or interior of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
 - c. For loss or damage by theft, the following types of property are covered only up to the limits shown:
 - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - (3) \$2,500 for patterns, dies, molds and forms.

5. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most that 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 Paragraph (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
 - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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

(5) Examples

Example # 1

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

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

Example # 2

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

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

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

b. Preservation Of Property

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 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 your liability for fire department service charges:

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

d. Collapse

(1) With respect to buildings:

- (a) 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;
- (b) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
- (c) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;

(d) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

(2) We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under this policy, if the collapse is caused by one or more of the following:

- (a) The "specified causes of loss" or breakage of building glass, all only as insured against in this policy;
- (b) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- (c) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- (d) Weight of people or personal property;
- (e) Weight of rain that collects on a roof;
- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in Paragraphs (a) through (e), we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in Paragraphs (1)(a) through (1)(d) do not limit the coverage otherwise provided under this Additional Coverage for the causes of loss listed in Paragraphs (2)(a), (2)(d) and (2)(e).

(3) With respect to the following property:

- (a) Awnings;
- (b) Gutters and downspouts;
- (c) Yard fixtures;
- (d) Outdoor swimming pools;
- (e) Piers, wharves and docks;

- (f) Beach or diving platforms or appurtenances;
- (g) Retaining walls; and
- (h) Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in Paragraphs (2)(b) through (2)(f), we will pay for loss or damage to that property only if such loss or damage is a direct result of the collapse of a building insured under this policy and the property is Covered Property under this policy.

- (4) If personal property abruptly falls down or caves in and such collapse is not the result of 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 was caused by a cause of loss listed in Paragraphs (2)(a) through (2)(f) of this Additional Coverage;
 - (b) The personal property which collapses is inside a building; and
 - (c) The property which collapses is not of a kind listed in Paragraph (3) above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph (4) does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- (5) This Additional Coverage, Collapse, will not increase the Limits Of Insurance provided in this policy.

e. 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.

We will not pay the cost to repair any defect that caused the loss or damage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1) Results in discharge of any substance from an automatic fire protection system; or
- (2) Is directly caused by freezing.

f. Business Income

(1) Business Income

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

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

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

- (b) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.

- (c) Business Income means the:
- (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and
 - (ii) Continuing normal operating expenses incurred, including payroll.
- (d) Ordinary payroll expenses:
- (i) Mean payroll expenses for all your employees except:
 - i. Officers;
 - ii. Executives;
 - iii. Department Managers;
 - iv. Employees under contract; and
 - v. Additional Exemptions shown in the Declarations as:
 - Job Classifications; or
 - Employees.
 - (ii) Include:
 - i. Payroll;
 - ii. Employee benefits, if directly related to payroll;
 - iii. FICA payments you pay;
 - iv. Union dues you pay; and
 - v. Workers' compensation premiums.

(2) Extended Business Income

- (a) If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:
 - (i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and

- (ii) Ends on the earlier of:
 - i. The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or
 - ii. 30 consecutive days after the date determined in Paragraph (a)(i) above, unless a greater number of consecutive days is shown in the Declarations.

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

- (b) Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
 - (a) The partial slowdown or complete cessation of your business activities; and
 - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4) This Additional Coverage is not subject to the Limits of Insurance of **Section I - Property**.

g. Extra Expense

- (1) We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

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

- (a) The portion of the building which you rent, lease or occupy; and
 - (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.
- (2) Extra Expense means expense incurred:
- (a) To avoid or minimize the suspension of business and to continue "operations":
 - (i) At the described premises; or
 - (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
 - (b) To minimize the suspension of business if you cannot continue "operations".
 - (c) To:
 - (i) Repair or replace any property; or
 - (ii) Research, replace or restore the lost information on damaged "valuable papers and records"to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
- (a) The partial slowdown or complete cessation of your business activities; and
 - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of **Section I - Property**.

h. 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 earlier of:

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

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

i. Civil Authority

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

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

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

- (1) 3 consecutive weeks after the time of that action; or
 - (2) When your Business Income coverage ends;
- whichever is later.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance of **Section I - Property**.

j. Money Orders And Counterfeit Paper Currency

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- (1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- (2) "Counterfeit" paper currency that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$1,000.

k. Forgery Or Alteration

- (1) We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- (3) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500, unless a higher Limit of Insurance is shown in the Declarations.

l. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in Paragraphs (3) through (9) of this Additional Coverage.

- (3) The ordinance or law referred to in Paragraph (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 any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

- (6) The most we will pay under this Additional Coverage, for each described building insured under **Section I - Property**, is \$10,000. If a damaged building(s) 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 each damaged building, is \$10,000.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:

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

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

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction 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 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 Property Loss Condition in **Section I - Property** do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in Paragraph (6) of this Additional Coverage, is not subject to such limitation.

m. Business Income From Dependent Properties

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property caused by or resulting from any Covered Cause of Loss.
The most we will pay under this Additional Coverage is \$5,000 unless a higher Limit of Insurance is indicated in the Declarations.
- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
 - (a) Source of materials; or
 - (b) Outlet for your products.
- (3) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4) Dependent property means property owned by others whom you depend on to:
 - (a) Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;
 - (b) Accept your products or services;

- (c) Manufacture your products for delivery to your customers under contract for sale; or
- (d) Attract customers to your business.
The dependent property must be located in the coverage territory of this policy.
- (5) The coverage period for Business Income under this Additional Coverage:
 - (a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
 - (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (6) The Business Income coverage period, as stated in Paragraph (5), does not include any increased period required due to the enforcement of any ordinance or law that:
 - (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not reduce the Business Income coverage period.
- (7) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

n. Glass Expenses

- (1) We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- (2) 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.

o. Fire Extinguisher Systems Recharge Expense

(1) We will pay:

- (a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and
- (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.

(2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.

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

6. Coverage Extensions

In addition to the Limits of Insurance of **Section I - Property**, you may extend the insurance provided by this policy as provided below.

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, unless a higher Limit of Insurance is shown in the Declarations.

a. Newly Acquired Or Constructed Property

(1) Buildings

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

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at premises other than the one described, 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) Business Personal Property

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

- (i) Business Personal Property, including such property that you newly acquire, at any location you acquire.
- (ii) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (iii) Business Personal Property that you newly acquire, located at the described premises.

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

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

(3) Period Of Coverage

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

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

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

b. Personal Property Off Premises

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$5,000.

c. Outdoor Property

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

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

The most we will pay for loss or damage under this Extension is \$2,500, but not more than \$500 for any one tree, shrub or plant.

d. Personal Effects

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees. This extension does not apply to:

- (1) Tools or equipment used in your business; or
- (2) Loss or damage by theft.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises.

e. Valuable Papers And Records

- (1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.
- (2) This Coverage Extension does not apply to:
 - (a) Property held as samples or for delivery after sale;
 - (b) Property in storage away from the premises shown in the Declarations.

- (3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for "valuable papers and records" is shown in the Declarations.

For "valuable papers and records" not at the described premises, the most we will pay is \$5,000.

- (4) Paragraph **B. Exclusions** in **Section I - Property** does not apply to this Coverage Extension except for:
 - (a) Paragraph **B.1.c.**, Governmental Action;
 - (b) Paragraph **B.1.d.**, Nuclear Hazard;
 - (c) Paragraph **B.1.f.**, War And Military Action;
 - (d) Paragraph **B.2.f.**, Dishonesty;
 - (e) Paragraph **B.2.g.**, False Pretense; and
 - (f) Paragraph **B.3.**

f. Accounts Receivable

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

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

- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay is \$5,000.

(3) Paragraph **B. Exclusions** in **Section I - Property** does not apply to this Coverage Extension except for:

- (a) Paragraph **B.1.c.**, Governmental Action;
- (b) Paragraph **B.1.d.**, Nuclear Hazard;
- (c) Paragraph **B.1.f.**, War And Military Action;
- (d) Paragraph **B.2.f.**, Dishonesty;
- (e) Paragraph **B.2.g.**, False Pretense;
- (f) Paragraph **B.3.**; and
- (g) Paragraph **B.5.** Accounts Receivable Exclusion.

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. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Ordinance Or Law

- (1) The enforcement of any ordinance or law:
 - (a) Regulating the construction, use or repair of any property; or
 - (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion, Ordinance Or Law, applies whether the loss results from:
 - (a) An ordinance or law that is enforced even if the property has not been damaged; or
 - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

b. Earth Movement

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

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

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

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

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

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

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

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. Power Failure

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

But if the failure of power 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.

This exclusion does not apply to loss or damage to "computer(s)" and "electronic media and records".

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

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

h. Certain Computer-Related Losses

- (1) The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any insured or to others:

- (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;

- (ii) "Computer" application software or other "electronic media and records" as may be described elsewhere in this policy;

- (iii) "Computer" operating systems and related software;

- (iv) "Computer" networks;

- (v) Microprocessors ("computer" chips) not part of any "computer" system; or

- (vi) Any other computerized or electronic equipment or components; or

- (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph (1) above.

However, if excluded loss or damage, as described in Paragraph (1) above results in a "Specified Cause of Loss" under **Section I - Property**, we will pay only for the loss or damage caused by such "Specified Cause of Loss".

We will not pay for repair, replacement or modification of any items in Paragraphs (1)(a) or (1)(b) to correct any deficiencies or change any features.

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

a. Electrical Apparatus

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by fire.

We will pay for loss or damage to "computer(s)" due to artificially generated electrical current if such loss or damage is caused by or results from:

- (1) An occurrence that took place within 100 feet of the described premises; or
- (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

b. Consequential Losses

Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas

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

d. Steam Apparatus

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

e. Frozen Plumbing

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.

f. Dishonesty

Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

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

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

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

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

g. False Pretense

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

h. Exposed Property

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

i. Collapse

Collapse, except as provided in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

j. Pollution

We will not pay for loss or damage caused by or resulting from the 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".

k. Neglect

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

l. Other Types Of Loss

- (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;

(5) 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.

This exclusion does not apply with respect to the breakdown of "computer(s)";

(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 Paragraphs (1) through (7) above 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.

m. Errors Or Omissions

Errors or omissions in:

(1) Programming, processing or storing data, as described under "electronic media and records" or in any "computer" operations; or

(2) Processing or copying "valuable papers and records".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

n. Installation, Testing, Repair

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your "computer" system including "electronic media and records".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

o. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of "electronic media and records", except as provided for under the Coverage Extensions of **Section I - Property**.

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

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

a. Weather Conditions

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

b. Acts Or Decisions

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

c. Negligent Work

Faulty, inadequate or defective:

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

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

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

(4) Maintenance;

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

4. Business Income And Extra Expense Exclusions

a. We will not pay for:

(1) Any Extra Expense, or increase of Business Income 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".

(2) Any other consequential loss.

b. With respect to this exclusion, suspension means:

- (1) The partial slowdown or complete cessation of your business activities; and
- (2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

5. Accounts Receivable Exclusion

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

a. Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.

c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance of **Section I - Property** shown in the Declarations.

2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

3. The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance of **Section I - Property**.

4. Building Limit - Automatic Increase

a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.

b. The amount of increase will be:

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

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

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

Example:

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

The amount of increase is

$\$100,000 \times .08 \times 146 = \text{Error! Auto-Text entry not defined. } 365 = \$3,200.$

5. Business Personal Property Limit - Seasonal Increase

a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.

b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

(1) The 12 months immediately preceding the date the loss or damage occurs; or

(2) The period of time you have been in business as of the date the loss or damage occurs.

D. Deductibles

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance of **Section I - Property**.

2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage for Glass and under all of the following Optional Coverages in any one occurrence is the Optional Coverage/ Glass Deductible shown in the Declarations:

a. Money and Securities;

b. Employee Dishonesty; and

c. Outdoor Signs.

But this Optional Coverage/ Glass Deductible will not increase the Deductible shown in the Declarations. This Deductible will be used to satisfy the requirements of the Deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:
 - a. Fire Department Service Charge;
 - b. Business Income;
 - c. Extra Expense;
 - d. Civil Authority; and
 - e. Fire Extinguisher Systems Recharge Expense.

E. Property Loss Conditions

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

If 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 Limits of Insurance of **Section I - Property**. 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.

(9) Resume all or part of your "operations" as quickly as possible.

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

4. Legal Action Against Us

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

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

5. Electronic Media And Records Limitation

We will not pay for any loss of Business Income caused by direct physical loss of or damage to "electronic media and records" after the longer of:

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

Example # 1

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

Example # 2

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

6. Loss Payment

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

- a. 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;
 - (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 Paragraph **d.(1)(e)** below.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.

d. Except as provided in Paragraphs (2) through (8) below, we will determine the value of Covered Property as follows:

(1) At replacement cost without deduction for depreciation, subject to the following:

(a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:

(i) The Limit of Insurance under **Section I - Property** that applies to the lost or damaged property;

(ii) The cost to replace, on the same premises, the lost or damaged property with other property:

i. Of comparable material and quality; and

ii. Used for the same purpose; or

(iii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.

(b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance that applies to the property:

(i) The actual cash value of the lost or damaged property; or

(ii) A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the cost of repair or replacement.

- (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 on a replacement cost basis 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:
 - (i) Until the lost or damaged property is actually repaired or replaced; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of Paragraphs **d.(1)(a)** and **d.(1)(b)** above whether or not the actual repair or replacement is complete.
 - (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (2) If the "Actual Cash Value - Buildings" option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
 - (3) The following property at actual cash value:
 - (a) Used or second-hand merchandise held in storage or for sale;
 - (b) Property of others. However, 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;
 - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
 - (d) Manuscripts;
 - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
 - (5) Tenants' Improvements and Betterments at:
 - (a) Replacement cost if you make repairs promptly.
 - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (c) Nothing if others pay for repairs or replacement.
 - (6) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement, including the cost of data entry, re-programming, computer consultation services and the media on which the data or programs reside. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.
 - (7) Applicable only to the Optional Coverages:
 - (a) "Money" at its face value; and
 - (b) "Securities" at their value at the close of business on the day the loss is discovered.

(8) Applicable only to Accounts Receivable:

- (a)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - (i)** We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii)** We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- (b)** The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (i)** The amount of the accounts for which there is no loss or damage;
 - (ii)** The amount of the accounts that you are able to re-establish or collect;
 - (iii)** An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv)** All unearned interest and service charges.
- e.** Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and
 - (1)** We have reached agreement with you on the amount of loss; or
 - (2)** An appraisal award has been made.

7. Recovered Property

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

8. Resumption Of Operations

We will reduce the amount of your:

- a.** Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- b.** Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

9. Vacancy

a. Description Of Terms

- (1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in Paragraphs **(a)** and **(b)** below:
 - (a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i)** Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (ii)** Used by the building owner to conduct customary operations.
- (2)** Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;
 - (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in Paragraphs (1)(a) through (1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

F. Property General Conditions

1. Control Of Property

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

The breach of any condition of this Coverage Form 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.

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 policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this policy 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 policy 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 policy:
 - (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 non-payment 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.

3. No Benefit To Bailee

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

4. Policy Period, Coverage Territory

Under **Section I - Property**:

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

G. Optional Coverages

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

1. Outdoor Signs

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

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

b. Paragraph **A.3., Covered Causes Of Loss**, and Paragraph **B., Exclusions in Section I - Property**, do not apply to this Optional Coverage, except for:

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

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

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

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

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

2. Money And Securities

a. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:

- (1) Theft, meaning any act of stealing;
- (2) Disappearance; or
- (3) Destruction.

b. In addition to the Limitations and Exclusions applicable to **Section I - Property**, we will not pay for loss:

(1) Resulting from accounting or arithmetical errors or omissions;

(2) Due to the giving or surrendering of property in any exchange or purchase; or

(3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

c. The most we will pay for loss in any one occurrence is:

(1) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while:

- (a) In or on the described premises; or
- (b) Within a bank or savings institution; and

(2) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else.

d. All loss:

- (1) Caused by one or more persons; or
- (2) Involving a single act or series of related acts;

is considered one occurrence.

e. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

3. Employee Dishonesty

a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

- (1) Cause you to sustain loss or damage; and also
- (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) Any employee; or
 - (b) Any other person or organization.

b. We will not pay for loss or damage:

- (1) Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.

- (2) Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph a.), "managers" or directors:
 - (a) Whether acting alone or in collusion with other persons; or
 - (b) While performing services for you or otherwise.
- (3) The only proof of which as to its existence or amount is:
 - (a) An inventory computation; or
 - (b) A profit and loss computation.
- c. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.
- d. All loss or damage:
 - (1) Caused by one or more persons; or
 - (2) Involving a single act or series of acts; is considered one occurrence.
- e. If any loss is covered:
 - (1) Partly by this insurance; and
 - (2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- f. This Optional Coverage is cancelled as to any employee immediately upon discovery by:
 - (1) You; or
 - (2) Any of your partners, "members", "managers", officers or directors not in collusion with the employee;

of any dishonest act committed by that employee before or after being hired by you.
- g. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

- h. If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:
 - (1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i. The insurance under Paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
 - (1) This Optional Coverage as of its effective date; or
 - (2) The prior insurance had it remained in effect.

4. Mechanical Breakdown

- a. We will pay for direct damage to Covered Property caused by an Accident to an Object. The Object must be:
 - (1) Owned by you or in your care, custody or control; and
 - (2) At the described premises.
- b. Accident means a sudden and accidental breakdown of the Object or a part of the Object. At the time the breakdown occurs, it must manifest itself by physical damage to the Object that necessitates repair or replacement.
- c. None of the following is an Accident:
 - (1) Depletion, deterioration, corrosion or erosion;
 - (2) Wear and tear;
 - (3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - (4) Breakdown of any vacuum tube, gas tube or brush;
 - (5) Breakdown of any "computer", including "computer(s)" used to operate production type machinery or equipment;
 - (6) Breakdown of any structure or foundation supporting the Object or any of its parts;

- (7) The functioning of any safety or protective device; or
 - (8) The explosion of gases or fuel within the furnace of any Object or within the flues or passages through which the gases of combustion pass.
- d. Object means any of the following equipment:
- (1) Boiler and Pressure Vessels:
 - (a) Steam heating boilers and condensate return tanks used with them;
 - (b) Hot water heating boilers and expansion tanks used with them;
 - (c) Hot water supply boilers;
 - (d) Other fired or unfired vessels used for maintenance or service of the described premises but not used for processing or manufacturing;
 - (e) Steam boiler piping, valves, fittings, traps and separators, but only if they:
 - (i) Are on your premises or between parts of your premises;
 - (ii) Contain steam or condensate of steam; and
 - (iii) Are not part of any other vessel or apparatus;
 - (f) Feed water piping between any steam boiler and a feed pump or injector.
 - (2) Air Conditioning Units - Any air conditioning unit that has a capacity of 60,000 Btu or more, including:
 - (a) Inductors, convectors and coils that make use of a refrigerant and form part of a cooling, humidity control or space heating system;
 - (b) Interconnecting piping, valves and fittings containing only a refrigerant, water, brine or other solution;
 - (c) Vessels heated directly or indirectly that:
 - (i) Form part of an absorption type system; and
 - (ii) Function as a generator, regenerator or concentrator;
 - (d) Compressors, pumps, fans and blowers used solely with the system together with their driving electric motors; and
 - (e) Control equipment used solely with the system.
- e. Object does not mean:
- (1) As Boiler and Pressure Vessels:
 - (a) Equipment that is not under internal vacuum or internal pressure other than weight of contents;
 - (b) Boiler settings;
 - (c) Insulating or refractory material; or
 - (d) Electrical, reciprocating or rotating apparatus within or forming a part of the boiler or vessel.
 - (2) As Air Conditioning Units, any:
 - (a) Vessel, cooling tower, reservoir or other source of cooling water for a condenser or compressor, or any water piping leading to or from that source; or
 - (b) Wiring or piping leading to or from the unit.
- f. We will not pay for an Accident to any Object while being tested.
- g. **Suspension**
- Whenever an Object is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an Accident to that Object. This can be done by delivering or mailing a written notice of suspension to:
- (1) Your last known address; or
 - (2) The address where the Object is located.
- If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.
- H. Property Definitions**
- 1. "Computer" means:
 - a. Programmable electronic equipment that is used to store, retrieve and process data; and
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production type machinery or equipment.
 - 2. "Counterfeit" means an imitation of an actual valid original which is intended to deceive and to be taken as the original.

3. "Electronic media and records" means the following, if owned by you or licensed to you and used in your business:
 - a. Media, meaning disks, tapes, film, drums, cells or other media which are used with electronically controlled equipment.
 - b. Data, meaning information or facts stored on media described in Paragraph a. above. Data includes "valuable papers and records" converted to data.
 - c. "Computer" program, meaning a set of related electronic instructions which direct the operations and functions of a "computer" or a device connected to it, which enable the "computer" or device to receive, process, restore, retrieve or send data.
 - d. Software, including systems and applications software.
4. "Manager" means a person serving in a directorial capacity for a limited liability company.
5. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
6. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
7. "Operations" means your business activities occurring at the described premises.
8. "Period of restoration":
 - a. Means the period of time that:
 - (1) Begins:
 - (a) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (b) Immediately after the time of direct physical loss or damage for Extra Expense Coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
 - (2) Ends on the earlier of:
 - (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent location.
 - b. Does not include any increased period required due to the enforcement of any ordinance or law that:
 - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".
9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
10. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
11. "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 of or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
12. "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.
13. "Valuable papers and records" means:
- a. Inscribed, printed or written:
 - (1) Documents;
 - (2) Manuscripts; and
 - (3) Records;
 - including abstracts, books, deeds, drawings, films, maps or mortgages; and
 - b. "Electronic media and records".
- But "valuable papers and records" does not mean "money" or "securities".

SECTION II - LIABILITY

A. Coverages

1. Business Liability

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury", to which this insurance does not apply. We may at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:
 - (1) The amount we will pay for damages is limited as described in Paragraph **D - Liability And Medical Expenses Limits Of Insurance in Section II - Liability**; and
 - (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph **f. Coverage Extension - Supplementary Payments**.

- b. This insurance applies:
 - (1) To "bodily injury" and "property damage" only if:
 - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (b) The "bodily injury" or "property damage" occurs during the policy period; and
 - (c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.
 - (2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".
- f. **Coverage Extension - Supplementary Payments**
 - (1) In addition to the Limit of Insurance of **Section II - Liability** we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
 - (a) All expenses we incur.
 - (b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
 - (c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
 - (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
 - (e) All costs taxed against the insured in the "suit".
 - (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - (g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.
 - (2) If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - (a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - (b) This insurance applies to such liability assumed by the insured;
 - (c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - (d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - (e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - (f) The indemnitee:
 - (i) Agrees in writing to:
 - i. Cooperate with us in the investigation, settlement or defense of the "suit";
 - ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - iii. Notify any other insurer whose coverage is available to the indemnitee; and
 - iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (ii) Provides us with written authorization to:
 - i. Obtain records and other information related to the "suit"; and
 - ii. Conduct and control the defense of the indemnitee in such "suit".

- (3) So long as the conditions in Paragraph 2. are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph B.1.b.(2) Exclusions in **Section II - Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- (a) We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- (b) The conditions set forth above, or the terms of the agreement described in Paragraph 2.f. above are no longer met.

2. Medical Expenses

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the Limits of Insurance of **Section II - Liability**. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;

- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

- (3) Necessary ambulance, hospital, professional nursing and funeral services.

B. Exclusions

1. Applicable To Business Liability Coverage

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or

- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

- (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

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

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

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily Injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

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

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

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

- (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

- (i) Any insured; or
- (ii) Any person or organization for whom you may be legally responsible; or

- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

- (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".
- However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement or such claim or "suit" by or on behalf of a governmental authority.
- g. Aircraft, Auto Or Watercraft**
- "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".
- This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.
- This exclusion does not apply to:
- (1) A watercraft while ashore on premises you own or rent;
 - (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;
 - (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
 - (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
 - (5) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:
 - (a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

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

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Professional Services

"Bodily injury", "property damage", "personal and advertising injury" caused by the rendering or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services; and
- (9) Services in the practice of pharmacy.

k. Damage To Property

"Property damage" to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire or explosion) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Paragraph D. Liability And Medical Expenses Limit Of Insurance in **Section II - Liability**.

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

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

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

l. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

m. Damage To Your Work

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

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

n. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

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

o. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

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

p. Personal And Advertising Injury

"Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) Arising out of a criminal act committed by or at the direction of any insured;

(5) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;

(6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";

(7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";

(8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";

(9) Committed by an insured whose business is:

(a) Advertising, broadcasting, publishing or telecasting;

(b) Designing or determining content of web-sites for others; or

(c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under Paragraph **F.** Liability And Medical Expenses Definitions.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting.

(10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

(11) With respect to any loss, cost or expense arising out of any:

(a) Request, demand or order that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of, "pollutants".

- (12) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control.
- (13) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.
However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.
- (14) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

Exclusions **c., d., e., f., g., h., i., k., l., m., n.** and **o.** in **Section II - Liability** do not apply to damage by fire or explosion to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D. Liability And Medical Expenses Limits of Insurance** in **Section II - Liability**.

2. Applicable To Medical Expenses Coverage

We will not pay expenses for "bodily injury":

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

3. Applicable To Both Business Liability Coverage And Medical Expenses Coverage - Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if:
 - (1) The "nuclear material":
 - (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
 - (b) Has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

- (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
- d. As used in this exclusion:
- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (2) "Hazardous properties" include radioactive, toxic or explosive properties;
- (3) "Nuclear facility" means:
- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for:
- (i) Separating the isotopes of uranium or plutonium;
- (ii) Processing or utilizing "spent fuel"; or
- (iii) 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;
- (4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";
- (5) "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;
- (6) "Property damage" includes all forms of radioactive contamination of property.
- (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
- (10) "Waste" means any waste material:
- (a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
- (b) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs (a) and (b) of the definition of "nuclear facility".

C. Who Is An Insured

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (a) or (b); or
- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by,
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by
you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and
- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

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

D. Liability And Medical Expenses Limits Of Insurance

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

- b. "Personal and advertising injury" sustained by any one person or organization;

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

- 3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, arising out of any one fire or explosion is the Damage To Premises Rented To You limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

- a. All "bodily injury" or "property damage" that is included in the "products-completed operations hazard" is twice the Liability and Medical Expenses limit; and
- b. All:
 - (1) "Bodily injury" or "property damage" except damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard";
 - (2) Plus medical expenses;
 - (3) Plus all "personal and advertising injury" caused by offenses committed;is twice the Liability and Medical Expenses limit.

This Aggregate Limit does not apply to "property damage" to premises while rented to you or temporarily occupied by you with the permission of the owner, arising out of fire or explosion.

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

E. Liability And Medical Expenses General Conditions

1. Bankruptcy

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

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

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

4. Legal Action Against Us

No person or organization has a right under this policy:

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

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

5. Separation Of Insureds

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

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

F. Liability And Medical Expenses Definitions

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
 if such property can be restored to use by:
 - (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - (2) Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

(3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above and supervisory, inspection or engineering services.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

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

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

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are permanently mounted:

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

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

e. Vehicles not described in Paragraphs a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

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

- (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in Paragraphs a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.
However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
 - (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- 13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- 14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
- 15. "Pollutants" mean 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.

- 16. "Products - completed operations hazard":
 - a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

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

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

 - b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.
- 17. "Property damage" means:
 - a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
21. "Your product":
 - a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
 - b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2) The providing of or failure to provide warnings or instructions.

- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

**SECTION III - COMMON POLICY
CONDITIONS (APPLICABLE TO SECTION I -
PROPERTY AND SECTION II - LIABILITY)**

A. Cancellation

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

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
 - (2) After damage by a covered cause of loss, permanent repairs to the building:
 - (a) Have not started, and
 - (b) Have not been contracted for, within 30 days of initial payment of loss.

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

B. Changes

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

C. Concealment, Misrepresentation Or Fraud

This policy is void in any case of fraud by you as it relates to this policy 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 policy;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this policy.

D. Examination Of Your Books And Records

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

E. Inspections And Surveys

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 and 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.

F. Insurance Under Two Or More Coverages

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

G. Liberalization

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

H. Other Insurance

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance of **Section I - Property**.
2. Business Liability Coverage is excess over:
 - a. Any other insurance that insures for direct physical loss or damage; or
 - b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.
3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so; but we will be entitled to the insured's rights against all those other insurers.

I. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
 - a. Paid to us prior to the anniversary date; and
 - b. Determined in accordance with Paragraph 2. above.

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

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

J. Premium Audit

1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
2. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

K. Transfer Of Rights Of Recovery Against Others To Us

1. Applicable to Businessowners Property Coverage:

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

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

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers. This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

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

L. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

	Coverage	Additional Premium
Hired Auto Liability	X	INCL
Non-Owned Auto Liability	X	INCL

A. Insurance is provided only for those coverages for which a specific premium charge is shown in the Declarations or in the Schedule.

1. Hired Auto Liability

The insurance provided under Paragraph **A.1. Business Liability** in Section II – Liability, applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" by you or your "employees" in the course of your business.

2. Non-Owned Auto Liability

The insurance provided under Paragraph **A.1. Business Liability** in Section II – Liability, applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person.

B. For insurance provided by this endorsement only:

1. The exclusions, under the Paragraph **B.1. Applicable To Business Liability Coverages** in Section II – Liability, other than Exclusions **a., b., d., f. and i.** and the Nuclear Energy Liability Exclusion, are deleted and replaced by the following:

a. "Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:

- (a) Employment by the insured; or
- (b) Performing duties related to the conduct of the insured's business; or

- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

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

This exclusion does not apply to:

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

b. "Property damage" to:

- (1) Property owned or being transported by, or rented or loaned to the insured; or
- (2) Property in the care, custody or control of the insured,



2. Paragraph **C. Who Is An Insured in Section II – Liability**, is replaced by the following:

Each of the following is an insured under this endorsement to the extent set forth below:

- a. You;
- b. Any other person using a "hired auto" with your permission;
- c. For a "non-owned auto", any partner or "executive officer" of yours, but only while such "non-owned auto" is being used in your business; and
- d. Any other person or organization, but only for their liability because of acts or omissions of an insured under **a.**, **b.** or **c.** above.

None of the following is an insured:

- (1) Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
- (2) Any partner or "executive officer" for any "auto" owned by such partner or officer or a member of his or her household;
- (3) Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
- (4) The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner or lessee;
- (5) Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

C. The following additional definitions apply:

1. **"Auto Business"** means the business or occupation of selling, repairing, servicing, storing or parking "autos".
2. **"Hired Auto"** means any "auto" you lease, hire or borrow. This does not include any "auto" you lease, hire or borrow from any of your "employees" or members of their households, or from any partner or "executive officer" of yours.
3. **"Non-Owned Auto"** means any "auto" you do not own, lease, hire or borrow which is used in connection with your business. However, if you are a partnership, a "non-owned auto" does not include any "auto" owned by any partner.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE*

Premises:

SEE SCHEDULE OF LOCATIONS

Project:

The following is added to **Section II – Liability:**

This insurance applies only to "bodily injury", "property damage", "personal and advertising injury" and medical expenses arising out of:

1. The ownership, maintenance or use of the premises shown in the Schedule and operations necessary or incidental to those premises; or
2. The project shown in the Schedule.

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph B. **Exclusions in Section II - Liability:**

This insurance does not apply to:

1. "Bodily injury" or "personal and advertising injury" to:
 - a. A person arising out of any:
 - (1) Refusal to employ that person;
 - (2) Termination of that person's employment; or
 - (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
 - b. The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (1), (2) or (3) above is directed.
2. This exclusion applies:
 - a. Whether the insured may be liable as an employer or in any other capacity; and
 - b. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABUSE OR MOLESTATION EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following applies to Section II - Liability and supersedes any provision to the contrary:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

- (a) The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or
- (b) The negligent:
 - (i) Employment;
 - (ii) Investigation;
 - (iii) Supervision;
 - (iv) Reporting to the proper authorities, or failure to so report; or
 - (v) Retention;
of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by (a) above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM – SECTION I – PROPERTY

SCHEDULE*

Bldg./ Prem. No./ No.	Coverage 1	Coverage 2 Limit Of Insurance	Coverage 3 Limit Of Insurance	Coverages 2 And 3 Combined Limit Of Insurance
	<input type="checkbox"/>			
	<input type="checkbox"/>			
	<input type="checkbox"/>			
Business Income And Extra Expense Optional Coverage			Yes <input type="checkbox"/>	No <input type="checkbox"/>
Number Of Hours*** Waiting Period For Period of Restoration hours				
* Information required to complete the Schedule, if not shown on this endorsement, will be shown in the Declarations.				
** Do not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages 2 and 3, or if one of these Coverages is not applicable.				
*** Applicable to Business Income and Extra Expense Optional Coverage.				

A. Each Coverage – Coverage 1, Coverage 2 and Coverage 3 – 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 the Coverage(s) in the Schedule.

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement apply 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 premise; 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 such damage results in enforcement of 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 the building damage in its entirety results in enforcement of 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 **1, 2** and/or **3** 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 enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of Coverages **1, 2** and/or **3** of this endorsement.

C. We will not pay under Coverage **1, 2,** or **3** of this endorsement for:

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

D. Coverage

1. Coverage 1 – 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 **1** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building. Coverage **1** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **1** does not increase the Limit of Insurance.

2. Coverage 2 – Demolition Cost Coverage

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

Paragraph **E.6.d. Loss Payment** Property Loss Condition does not apply to Demolition Cost Coverage.

3. Coverage 3 – Increased Cost Of Construction Coverage

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

- a. Repair or reconstruct damaged portions of that building; and/ or
- b. 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.

However:

- a. 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.
- b. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph **E.6.d. Loss Payment** Property Loss Condition does not apply to the Increased Cost of Construction Coverage.

E. Loss Payment

1. All following loss payment provisions **E.2.** through **E.5.**, are subject to the apportionment procedure 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 **1** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - a. If the property is repaired or replaced on the same or another premises, we will not pay more than the lesser of:

- (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
- b. If the property is **not** repaired or replaced, 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 **2** – 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 **2** in the Schedule above.
4. Unless Paragraph **E.5.** applies, loss payment under Coverage **3** – Increased Cost of Construction Coverage will be determined as follows:
- a. We will not pay under Coverage **3**:
 - (1) Until the property is actually repaired or replaced, at the same or another premises; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - 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 **3** is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The applicable Limit of Insurance shown for Coverage **3** in the Schedule above.
 - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **3** is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The applicable Limit of Insurance shown for Coverage **3** in the Schedule above.
5. If a **Combined** Limit Of Insurance is shown for Coverages **2** and **3** in the Schedule above, Paragraphs **E.2.** and **E.3.** of this endorsement do not apply with respect to the Building property 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 **2** and **3** 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 repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (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 3 of this endorsement: \$60,000

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

$$\frac{\$30,000}{\$100,000} = .30$$

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 3 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 1 and 2 of this endorsement.

- I. If shown as applicable in the Schedule of this endorsement, the following applies:

Business Income And Extra Expense Optional Coverage

1. If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of suspension of your "operations" caused by or resulting from the enforcement of any ordinance or law that:
 - a. Regulates the construction or repair of any property;
 - b. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
 - c. Is in force at the time of loss.

However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

2. Paragraph F.8. **Period Of Restoration** Definition is replaced by the following:

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

- a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises, unless a lesser number of hours is shown in the Schedule of the endorsement; and

- b. Ends on the earlier of:

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

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

"Period of restoration" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.

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

- K. The following definition is added to Paragraph H. Property Definitions:

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER BACK-UP AND SUMP OVERFLOW

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE*

<p>Water Back-Up And Sump Overflow Limit Of Insurance – \$5,000 unless otherwise indicated below:</p> <p>\$ _____</p> <p>*Information required to complete the Schedule, if not shown on this endorsement, will be shown in the Declarations.</p>

A. We will pay for direct physical loss or damage to Covered Property, covered under **Section I – Property**, caused by or resulting from:

1. Water which backs up through or overflows from a sewer or drain; or
2. Water which overflows from a sump, even if the overflow results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph 2. above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

B. The coverage described in Paragraph **A.** of this endorsement does not apply to loss or damage resulting from an insured's failure to:

1. Keep a sump pump or its related equipment in proper working condition; or
2. Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

C. The most we will pay for the coverage provided under this endorsement is \$5,000, unless a higher Water Back-Up And Sump Overflow Limit of Insurance is indicated in the Schedule of this endorsement.

D. With respect to the coverage provided under this endorsement, Exclusion **B.1.g. Water in Section I – Property** is replaced by the following exclusion:

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow; or
- (3) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(3)**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Liability Coverage Form **BP 00 06** and **Section II – Liability** of the Businessowners Coverage Form **BP 00 03**:

A. Exclusion i. under Paragraph B.1., Exclusions – Applicable To Business Liability Coverage is replaced by the following:

1. Applicable To Business Liability Coverage

This insurance does not apply to:

i. War

"Bodily injury", "property damage", "personal injury", "advertising injury" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war; or
- (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.

B. Exclusion h. under Paragraph B.2. Exclusions – Applicable To Medical Expenses Coverage does not apply. Medical Expenses due to war are now subject to Exclusion **g.** of Paragraph **B.2.** since "bodily injury" arising out of war is now excluded under Paragraph **B.1., Exclusions – Applicable To Business Liability Coverage.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

- A.** The following provisions are added to the Businessowners Policy and apply to Property and Liability Coverages:

CAP ON CERTIFIED TERRORISM LOSSES

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

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

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

- B.** The following provision is added to Businessowners Standard Property Coverage Form **BP 00 01**, Businessowners Special Property Coverage Form **BP 00 02** or **Section I – Property** of Businessowners Coverage Form **BP 00 03**:

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 Form 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.

LIMITED FUNGI OR BACTERIA COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE*

Revised Limit \$ _____
Separate Premises Or Locations Option YES <input type="checkbox"/> NO <input type="checkbox"/>
If YES, describe the separate premises or locations: _____ _____
Business Income/ Extra Expense – Revised number of days _____
* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

The following provisions apply to Section I – Property:

A. Fungi Or Bacteria Exclusions

1. Paragraph **A.5.1.(5)** of the Increased Cost Of Construction Additional Coverage is replaced by the following:

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

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

2. The following exclusion is added to Paragraph **B.1. Exclusions:**

(i) 'Fungi', Wet Rot, Dry Rot And Bacteria

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

But if "fungi", 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 "fungi", 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 "Fungi", Wet Or Dry Rot and Bacteria (contained in the Limited Fungi or Bacteria Coverage) if any, with respect to loss or damage by a cause of loss other than fire or lightning.



3. Paragraph **B.2.I.(2)** of the **Exclusions** is replaced by the following:

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

B. Limited Fungi Or Bacteria Coverage

1. The following **Additional Coverage** is added to Paragraph **A.5**.

i. Limited Coverage For "Fungi", Wet Rot, Dry Rot And Bacteria

- (1) The coverage described in Paragraphs **B.1.i.(2)** and **B.1.i.(6)** only applies when the "fungi", wet or dry rot or bacteria are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) We will pay for loss or damage by "fungi", wet 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 "fungi", wet or dry rot or bacteria, including the cost of removal of the "fungi", 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 "fungi", 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 "fungi", wet or dry rot or bacteria are present.

(3) Unless a higher limit is selected in Schedule, the coverage described under this Limited Coverage is limited to \$15,000. If the Schedule indicates that the Separate Premises Or Locations Options applies, then the amount of coverage is made applicable to separate premises or locations as described in the Schedule. 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) 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 "fungi", wet or dry rot or bacteria, we will not pay more than the total of \$15,000 unless a higher limit is selected in the Schedule even if the "fungi", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

(4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", 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 "fungi", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.
- (6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage.
- a. If the loss which resulted in "fungi", wet 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 "fungi", wet or dry rot or bacteria, then our payment under the Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days unless another number of days is indicated in the Schedule. The days need not be consecutive.
 - b. If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet or dry rot or bacteria, but remediation of "fungi", 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 unless another number of days is indicated in the Schedule. The days need not be consecutive.

C. Fungi Definition

1. The following definition is added to Paragraph **H. Property Definitions**:

"Fungi" 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.

FUNGI OR BACTERIA EXCLUSION (LIABILITY)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability**:

A. The following exclusion is added to Paragraph **B.1., Exclusions – Applicable To Business Liability Coverage**:

q. Fungi or Bacteria

(1) "Bodily injury", "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

(2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for consumption.

B. The following definition is added **Paragraph F. Liability And Medical Expenses Definitions**:

1. "Fungi" 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.

EXCLUSION - YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph **B.**,
Exclusions in Section II - Liability:

1. This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction, or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

(a) Computer hardware, including microprocessors or other Electronic Data Processing Equipment as may be described elsewhere in the policy;

(b) Computer application software or other Electronic Media and Records as may be described elsewhere in the policy;

(c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **1.a.(1)** of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **1.a.** of this endorsement.

BUSINESSOWNERS COVERAGE FORM INDEX

This index is provided only as a convenience. It should not be assumed to provide a reference to every provision that can affect a question, claim or coverage. To determine the full scope of coverage and pertinent restrictions and exclusions, the policy (including endorsements) must be read in its entirety. The features may also be affected by related provisions not referenced at all in the index, or noted elsewhere in it. For instance, an **Exclusion** feature addresses a specific policy exclusion; but restrictions of coverage and exclusions also appear within the areas where coverage, covered causes of loss, etc., are described.

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