BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

(1) Completed additions;

(2) Fixtures, including outdoor fixtures;

(3) Permanently installed:

(a) Machinery; and

(b) Equipment;

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

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

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

(5) If not covered by other insurance:

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

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

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

(1) Furniture and fixtures;

(2) Machinery and equipment;

(3) "Stock";

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

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

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

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

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

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

c. Personal Property Of Others that is:

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

(2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

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

2. Property Not Covered

Covered Property does not include:

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

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

c. Automobiles held for sale;

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

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

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

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

(1) The lowest basement floor; or

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

h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);

i. Personal property while airborne or waterborne;

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

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

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

m. Underground pipes, flues or drains;

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

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

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

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

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

This paragraph does not apply to:

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

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

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

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

q. The following property while outside of buildings:

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

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

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Debris Removal

(1) Subject to Paragraphs **(2)**, **(3)** and **(4),** we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

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

(a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;

(b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;

(c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

(d) Remove property of others of a type that would not be Covered Property under this Coverage Form;

(e) Remove deposits of mud or earth from the grounds of the described premises;

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

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

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

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

(b) Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is $5,000 at each location.

(4) We will pay up to an additional $25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

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

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

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

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

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

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

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

Example 2

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

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

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

b. Preservation Of Property

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

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

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

c. Fire Department Service Charge

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

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

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

(2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

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d. Pollutant Clean-up And Removal

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

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

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

e. Increased Cost Of Construction

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

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

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

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

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

(b) You failed to comply with.

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

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

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

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

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

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

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

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

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

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

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

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

f. Electronic Data

(1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

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

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

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

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

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

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

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

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

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

(ii) Use as a warehouse.

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

(2) Your Business Personal Property

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

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

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

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

(b) This Extension does not apply to:

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

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

(3) Period Of Coverage

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

(a) This policy expires;

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

(c) You report values to us.

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

b. Personal Effects And Property Of Others

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

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

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

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

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

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

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

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

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

d. Property Off-premises

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

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

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

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

(2) This Extension does not apply to property:

(a) In or on a vehicle; or

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

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

e. Outdoor Property

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

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

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

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Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

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

(a) The trailer is used in your business;

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

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

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

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

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

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

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

g. Business Personal Property Temporarily In Portable Storage Units

(1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

(2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.

(3) Coverage under this Extension:

(a) Will end 90 days after the business personal property has been placed in the storage unit;

(b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.

(4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is $10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.

(5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

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

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

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

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

1. Fire Department Service Charge;

2. Pollutant Clean-up And Removal;

3. Increased Cost Of Construction; and

4. Electronic Data.

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

D. Deductible

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

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

Example 1

(This example assumes there is no Coinsurance penalty.)

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

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

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

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

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

Total amount of loss payable:

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

Example 2

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

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

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

a. Pay its chosen appraiser; and

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

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

3. Duties In The Event Of Loss Or Damage

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

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

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

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

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

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

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

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

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

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

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

4. Loss Payment

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) An appraisal award has been made.

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

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

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

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

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

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

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

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

b. Vacancy Provisions

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

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

(a) Vandalism;

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

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

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

7. Valuation

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

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

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

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

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

(1) Awnings or floor coverings;

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

(3) Outdoor equipment or furniture.

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

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

e. Tenants' Improvements and Betterments at:

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

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

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

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

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

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

F. Additional Conditions

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

1. Coinsurance

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

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

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

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

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

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

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

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

Example 1 (Underinsurance)

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

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

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

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

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

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

Example 2 (Adequate Insurance)

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

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

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

Example 3

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

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

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

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

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

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

2. Mortgageholders

a. The term mortgageholder includes trustee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Optional Coverages

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

1. Agreed Value

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

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

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

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

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

2. Inflation Guard

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

b. The amount of increase will be:

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

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

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

Example

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

3. Replacement Cost

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

b. This Optional Coverage does not apply to:

(1) Personal property of others;

(2) Contents of a residence;

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

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

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

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

4. Extension Of Replacement Cost To Personal Property Of Others

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

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

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

H. Definitions

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

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

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

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COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

1. This Coverage Part;

2. The Covered Property;

3. Your interest in the Covered Property; or

4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:

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

b. Within the coverage territory.

2. The coverage territory is:

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

b. Puerto Rico; and

c. Canada.

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I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

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

a. Someone insured by this insurance;

b. A business firm:

(1) Owned or controlled by you; or

(2) That owns or controls you; or

c. Your tenant.

This will not restrict your insurance.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOUISIANA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy **CP 00 99,** the term Coverage Part in this endorsement is replaced by the term Policy.

B. The following is added when a Coinsurance percentage is shown in the Declarations:

The rate of premium for your policy is based on the use of a Coinsurance percentage that is shown in the Declarations.

C. The **Transfer Of Rights Of Recovery Against Others To Us** Condition is replaced by the following:

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

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

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

a. Someone insured by this insurance;

b. A business firm:

(1) Owned or controlled by you; or

(2) That owns or controls you;

c. Your employee or employer;

d. The owner, lessor or tenant of the:

(1) Described premises; or

(2) Premises where loss or damage occurred;

including their employees, partners and stockholders; or

e. Your relative by blood or marriage.

If you waive your rights against another party in writing after a loss, we can recover from you any amount you received for that waiver. But we cannot recover more than the amount we paid you for that loss.

D. The following provision is added to the **Duties In The Event Of Loss Or Damage** Loss Condition and to any similar condition, and supersedes any provision to the contrary in this Coverage Part or in an endorsement attached to this Coverage Part with respect to the time period for submission of proof of loss:

If the loss or damage arises due to a catastrophic event for which a state of disaster or emergency is declared pursuant to law by civil officials, and the covered property is located in an area within the declaration, you must submit the proof of loss to us within 180 days; but this 180-day period does not commence as long as the declaration of disaster or emergency is in existence and civil authorities are denying you access to your property.

E. When coverage applies on a replacement cost basis (under the Replacement Cost Optional Coverage in this Coverage Part and/or in an endorsement attached to this Coverage Part), the following is added and supersedes any provision to the contrary with respect to the time period for completion of repair or replacement of loss or damage:

If the loss or damage arises due to a catastrophic event for which a state of disaster or emergency is declared pursuant to law by civil officials, and the covered property is located in an area within the declaration, we will pay on a replacement cost basis only if the repairs or replacement are completed within one year from the date of loss or damage or the issuance of applicable insurance proceeds, whichever is later, or as soon as reasonably possible thereafter.

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F. The following exclusion and related provisions are added to this Coverage Part:

1. We will not pay for loss or damage arising out of any act committed:

a. By or at the direction of any insured; and

b. With the intent to cause a loss.

2. With respect to loss or damage to Covered Property caused by fire, this exclusion does not apply to an insured(s) who did not set the fire or otherwise participate in the cause of the loss, provided the loss is otherwise covered under this Coverage Part.

3. If we pay a claim pursuant to Paragraph **F.2.,** our payment to any insured is limited to that insured's proportionate share of the policy proceeds, but not more than that insured's legal interest in the Covered Property that sustained the fire loss. Proportionate share will be determined based on the interests of all parties eligible to receive payment, including a mortgageholder or other party with a secured legal interest. The policy proceeds will not include any amount attributable to the interest of the insured(s) who set the fire or otherwise participated in the cause of the loss. In no event will we pay more in total than the Limit of Insurance on the Covered Property that sustained the fire loss.

4. We may apply reasonable standards of proof to claims for such loss.

G. The **Appraisal** Loss Condition is replaced by the following unless Paragraph **H.** applies:

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

H. The **Appraisal** Loss Condition is replaced by the following in the Business Income (And Extra Expense) Coverage Form and Business Income (Without Extra Expense) Coverage Form:

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

I. Loss Payment

1. In the Building And Personal Property Coverage Form, Condominium Association Coverage Form, Condominium Commercial Unit-Owners Coverage Form, Builders Risk Coverage Form, Tobacco Sales Warehouses Coverage Form and Standard Property Policy, Paragraph **g.** of the **Loss Payment** Loss Condition is replaced by the following:

g. We will pay for the undisputed portion of the loss or damage within 30 days after we receive the satisfactory sworn proof of loss.

However, we have no duty to provide coverage under this policy if the failure to comply with the terms of this policy is prejudicial to us.

2. In the Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Extra Expense Coverage Form, Leasehold Interest Coverage Form, and Mortgageholders Errors And Omissions Coverage Form, the **Loss Payment** Loss Condition is replaced by the following:

Loss Payment

We will pay for the undisputed portion of the loss or damage within 30 days after we receive the satisfactory sworn proof of loss.

However, we have no duty to provide coverage under this policy if the failure to comply with the terms of this policy is prejudicial to us.

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J. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

1. With respect to loss or damage caused by fire, we do not provide coverage to the insured who, whether before or after the loss, has intentionally concealed or misrepresented any material fact or circumstance, with the intent to deceive, concerning:

a. This policy;

b. The Covered Property;

c. Your interest in the Covered Property; or

d. A claim under this policy.

2. With respect to loss or damage caused by a peril other than fire and with respect to all insureds covered under this policy, we provide no coverage for loss or damage if, whether before or after a loss, one or more insureds have intentionally concealed or misrepresented any material fact or circumstance, with the intent to deceive, concerning:

a. This policy;

b. The Covered Property;

c. Your interest in the Covered Property; or

d. A claim under this policy.

K. Paragraph **e.(2)** of the **Replacement Cost Optional** Coverage is replaced by the following:

(2) The cost to replace the lost or damaged property with other property of like kind and quality.

L. With respect to coverage provided under the Legal Liability Coverage Form and under Coverage **C** – Mortgageholder's Liability in the Mortgageholders Errors And Omissions Coverage Form, the following applies and supersedes any provision to the contrary:

We have no duty to defend you against any "suit" seeking damages if all of the allegations of the "suit" are explicitly excluded by such insurance.

M. The following replaces:

1. The **Legal Action Against Us** Condition in the Legal Liability Coverage Form; and

2. The **Legal Action Against Us** Condition that applies to Coverages **C** and **D** in the Mortgageholders Errors And Omissions Coverage Form:

A person or organization may bring a "suit" against us, including but not limited to, a "suit" 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 Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

N. The following is added to the Causes Of Loss – Basic Form, Causes Of Loss – Broad Form, Causes Of Loss – Special Form, Mortgageholders Errors And Omissions Coverage Form and Standard Property Policy:

Under the **Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria,** and under the **Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria,** any reference to bacteria means any type, kind or form of bacterium. This meaning also applies under any endorsement that modifies the aforementioned Exclusion or Limited Coverage; and to use of the word bacteria in the exclusionary provisions under the Additional Coverage – Increased Cost Of Construction.

O. In the Causes Of Loss – Basic Form, Causes Of Loss – Broad Form, Causes Of Loss – Special Form, Mortgageholders Errors And Omissions Coverage Form and Standard Property Policy, the Exclusion of **"Fungus", Wet Rot, Dry Rot And Bacteria** is replaced by the following exclusion:

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

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

This exclusion does not apply:

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

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

3. With respect to "fungus", wet or dry rot or bacteria that are located on the portion of the covered property that must be repaired or replaced because of direct physical damage caused by a Covered Cause of Loss.

However, the exclusion shall continue to apply to the cost to test for, treat, contain, remove or dispose of "fungus", wet or dry rot or bacteria beyond that which is required to repair or replace the covered property physically damaged by a Covered Cause of Loss, except to the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria.

P. In the Causes Of Loss – Basic Form, Causes Of Loss – Broad Form, Causes Of Loss – Special Form, Mortgageholders Errors And Omissions Coverage Form and Standard Property Policy, the **Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria** is replaced by the following:

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

a. A Covered Cause of Loss other than fire or lightning; or

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

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

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

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

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

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

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

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

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under:

a. Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) in the Causes Of Loss – Special Form; or

b. The Additional Coverage, Collapse in the Causes of Loss – Broad Form, Causes of Loss – Special Form or Mortgageholders Errors And Omissions Coverage Form.

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

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

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

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

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

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

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

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

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

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CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

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

B. Exclusions

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

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

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

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

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

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

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

b. Earth Movement

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

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

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

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

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

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

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

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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

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

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

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c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

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

(1) Originates away from the described premises; or

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

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

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

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

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

f. War And Military Action

(1) War, including undeclared or civil war;

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

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

g. Water

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

(2) Mudslide or mudflow;

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

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

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

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

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

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

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

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

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

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

This exclusion does not apply:

(1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or

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

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

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

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

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

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

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

(a) Electrical current, including arcing;

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

(c) Pulse of electromagnetic energy; or

(d) Electromagnetic waves or microwaves.

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

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

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

d.(1) Wear and tear;

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

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

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

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

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

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

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

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

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

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

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

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

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

This exclusion:

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

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

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

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

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

(1) An abrupt falling down or caving in;

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

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

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

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

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

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

(i) The "specified causes of loss";

(ii) Breakage of building glass;

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

(iv) Weight of people or personal property.

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

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

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

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

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

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

c. Faulty, inadequate or defective:

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

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

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

(4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

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

We will not pay for:

(1) Any loss caused by or resulting from:

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

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

This exclusion does not apply to Extra Expense.

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

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

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

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

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

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

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

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

(a) Your cancelling the lease;

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

(c) Any other consequential loss.

c. Legal Liability Coverage Form

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

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

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

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

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

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

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

(a) Contractual Liability

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

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

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

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

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

C. Limitations

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

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

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

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

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

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

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

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

However, this limitation does not apply to:

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

(2) Business Income Coverage or Extra Expense Coverage.

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

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

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

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

(2) Changes in or extremes of temperature;

(3) Disease;

(4) Frost or hail; or

(5) Rain, snow, ice or sleet.

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

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

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

(1) Glass; or

(2) Containers of property held for sale.

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

However, this limitation does not apply:

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

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

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

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

b. $2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

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

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

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

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

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

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

b. Is directly caused by freezing.

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

D. Additional Coverage – Collapse

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

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

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

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

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

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

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

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

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

(3) Breakage of building glass;

(4) Weight of people or personal property; or

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

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

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

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

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

4. With respect to the following property:

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

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F. Additional Coverage Extensions

1. Property In Transit

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

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

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

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

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

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

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

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

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

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

3. Glass

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

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

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

G. Definitions

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

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

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

(1) The cost of filling sinkholes; or

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

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

(1) Personal property in the open; or

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

c. Water damage means:

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

(2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

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

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

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WATERCRAFT EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

The following is added to the EXCLUSIONS section:

We will not pay for loss or damage to the following property caused by or resulting from watercraft:

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

B. Bulkheads; or

C. Pilings, piers, wharves or docks.

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LIMITATIONS ON COVERAGE FOR ROOF SURFACING

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)
1		Paragraph A and Paragraph B.
2		Paragraph A and Paragraph B.
3		Paragraph A and Paragraph B.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following applies with respect to loss or damage by a **Covered Cause of Loss (including wind and hail if covered)** to a building or structure identified in the Schedule as being subject to this Paragraph **A.:**

Replacement Cost coverage (if otherwise applicable to such property) does not apply to roof surfacing. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.

B. The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this Paragraph **B.:**

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

C. For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

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LIMITATIONS ON COVERAGE FOR ROOF SURFACING

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)
4		Paragraph A and Paragraph B.
5		Paragraph A and Paragraph B.

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

A. The following applies with respect to loss or damage by a **Covered Cause of Loss (including wind and hail if covered)** to a building or structure identified in the Schedule as being subject to this Paragraph **A.:**

Replacement Cost coverage (if otherwise applicable to such property) does not apply to roof surfacing. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.

B. The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this Paragraph **B.:**

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

C. For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

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RADIOACTIVE CONTAMINATION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
STANDARD PROPERTY POLICY

SCHEDULE				
Prem. No.	**Bldg. No.**	**Covered Property Or Income**	**Coverage Applicable Limited**	**Broad**

The following is added to **Covered Causes Of Loss,** as indicated in the Declarations or by an "X" in the Schedule.

A. Limited Radioactive Contamination, meaning Radioactive Contamination that directly results from any other Covered Cause of Loss.

1. Radioactive Contamination means direct physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage to the described property.

2. We will not pay for loss or damage caused by or resulting from Radioactive Contamination if:

a. The described premises contains:

(1) A nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction; or

(2) Any new or used nuclear fuel intended for or used in such a nuclear reactor.

b. The contamination arises from radioactive material not located at the described premises.

B. Broad Radioactive Contamination, meaning direct physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage to the described property.

We will not pay for loss or damage caused by or resulting from Radioactive Contamination if:

a. The described premises contains:

(1) A nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction; or

(2) Any new or used nuclear fuel intended for or used in such a nuclear reactor.

b. The contamination arises from radioactive material not located at the described premises.

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CYBER INCIDENT EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

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

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

Cyber Incident

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

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

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

B. Exceptions And Limitations

1. Fire Or Explosion

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

2. Additional Coverage

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

a. Additional Coverage – Electronic Data; or

b. Additional Coverage – Interruption Of Computer Operations.

3. Electronic Commerce Endorsement

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

C. Vandalism

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

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

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CANNABIS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term Policy.

B. **Property Not Covered** is amended as follows:

"Cannabis" is added to **Property Not Covered.**

C. For the purpose of this endorsement, when Business Income (And Extra Expense) Coverage Form **CP 00 30,** Business Income (Without Extra Expense) Coverage Form **CP 00 32** and/or Extra Expense Coverage Form **CP 00 50** are indicated in the Declarations as being provided under this Policy, coverage under this Policy does not apply to that part of Business Income loss and/or Extra Expense incurred, due to a "suspension" of your "operations", which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis".

D. For the purpose of this endorsement, the following definition is added:

"Cannabis":

1. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

2. Paragraph **D.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

a. Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or

b. Any compound, by-product, extract, derivative, mixture or combination, such as:

(1) Resin, oil or wax;

(2) Hash or hemp; or

(3) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **D.2.a.**

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF EXISTING DAMAGE

With respect to all coverages provided under this policy, the following exclusion applies.

This policy does not provide coverage for physical loss or damage which occurred prior to policy inception. This exclusion applies regardless of whether the physical loss or damage was apparent at the time of the inception date of this policy.

This exclusion applies to physical loss or damage which occurred prior to policy inception and includes 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 covered property listed on the schedule of locations in the policy.

We pay for direct physical loss or damage to covered property by a covered cause of loss only if the structures covered by your previous policy have been fully repaired. Prior to completion of such repairs, coverage will be limited to the greater of:

1. The actual cash value of the property at the time of a covered loss occurring during this policy period; or;
2. The cost of repairing the property to a state at which it existed at the time of a covered loss, provided such repairs have been made.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10
CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM CP 00 18
CAUSES OF LOSS – BASIC FORM CP 10 10
CAUSES OF LOSS – BROAD FORM CP 10 20
CAUSES OF LOSS – SPECIAL FORM CP 10 30

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

CONDOMINIUM ASSOCIATION COVERAGE FORM

CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

A. Coverage

4. Additional Coverages

With respect to this endorsement only, the following **Additional Coverages** are added as a part of, and not in addition to, the limit per loss:

g. Pollutant Clean Up and Removal

We will pay for the Pollutant Clean Up and Removal for loss resulting from an "equipment breakdown". The most we will pay for the Pollutant Clean Up and Removal is $250,000.

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

(**f.** under form **CP 00 18**)

h. Expediting Expenses

We will pay for the expediting expense loss resulting from an "equipment breakdown" with respect to your damaged Covered Property. We will pay the "reasonable extra cost" to:

(1) Make temporary repairs;

(2) Expedite permanent repairs; and

(3) Expedite permanent replacement

"Reasonable extra cost" shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

(**g.** under form **CP 00 18**)

i. Refrigerant Contamination

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an "equipment breakdown".

The most we will pay for Refrigerant Contamination is $250,000.

(**h.** under form **CP 00 18**)

j. Spoilage

We will pay for loss of "perishable goods" due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "equipment breakdown".

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke,

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aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

The most we will pay for Spoilage is $250,000.

(**i.** under form **CP 00 18**)

k. CFC Refrigerants

We will pay for the "additional costs" to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances.

"Additional costs" mean those in excess of what would have been required to repair or replace covered property, had no CFC refrigerant been involved. We also pay for additional loss as described under the Spoilage or Loss of Income Coverages provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We pay no more than the least of the following:

(1) The cost to repair the damaged property and replace any lost CFC refrigerant;

(2) The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or

(3) The cost to replace the system with one using a non-CFC refrigerant.

(**j.** under form **CP 00 18**)

l. Computer Equipment

We will pay for loss or damage to your "computer equipment" caused by an "equipment breakdown".

(**k.** under form **CP 00 18**)

m. Service Interruption

Any insurance provided for Business Income, Extra Expense, Spoilage or Data Restoration is extended to apply to your loss, damage or expense caused by an "equipment breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, "cloud computing" or data transmission. The equipment must meet the definition of "equipment breakdown" except that it is not Covered Property.

(**l.** under form **CP 00 18**)

n. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore the lost information on electronic media and records as a result of an "equipment breakdown".

The most we will pay for Data Restoration is $100,000.

(**m.** under form **CP 00 18**)

o. Temperature Fluctuation

We will pay for loss of "perishable goods" only caused by or resulting from any condition or event to Covered Property that can be resolved by calibrating, resetting, tightening, adjusting or cleaning.

However, we will not pay for loss of "perishable goods" as a result of resetting the power supply to the Covered Property containing the "perishable goods".

The most we will pay for this Temperature Fluctuation is $5,000 including any insurance provided for Business Income or Extra Expense.

(**n.** under form **CP 00 18**)

p. Unauthorized Instruction

We will pay for loss or damage to your "computer equipment" caused by an "unauthorized instruction" which results in an "equipment breakdown".

"Unauthorized instruction" means a virus,

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harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

(**o.** under form **CP 00 18**)

q. Risk Improvement

If Covered Property suffers direct physical loss or damage due to an "equipment breakdown", we will pay for the insured to improve the "power quality" of the electrical system or equipment at the loss location where the "equipment breakdown" occurred. "Power quality" means the conditions that allow electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that would adversely affect the operational performance and/or reduce the reliability, or the life-span of the electrical system.

We will pay the reasonable extra cost to improve "power quality" for the following electrical systems and/or equipment improvements:

(1) Installation of surge protection devices (SPD's) which are installed at the loss location's line disconnect, load disconnect, or on specific pieces of equipment and that are certified by Underwriter Laboratories (UL) or has an equivalent certification.

However SPD's do not include any SPD's which are cord-connected surge strips, direct plug-in SPD's or receptacle SPD's;

(2) An upgrade and/or replacement of; electrical panels, switchgear and/or circuit breakers; or

(3) Electrical wire and wiring improvements which include installation of; flexible conduit, junction boxes and/or ground wiring.

We will not pay more than 10%, to a maximum limit of $10,000, of the loss amount paid. An invoice for implementation of this Additional Coverage must be sent to us within 180 days after the payment of the loss is received.

(**p.** under form **CP 00 18**)

r. Off-Premises Coverage

We will pay for loss or damage to Covered Property resulting from a covered "equipment breakdown" while temporarily at a premises or location that is not a described premises.

The most we will pay for Off-Premises Coverage is $25,000.

(**q.** under form **CP 00 18**)

F. Additional Conditions (Additional Condition under form **CP 00 18)**

With respect to this endorsement only, the following **Additional Conditions** are added:

3. Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

a. Your last known address; or

b. The address where the property is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

(**2.** under form **CP 00 18**)

4. Jurisdictional Inspections

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

(**3.** under form **CP 00 18**)

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5. Environmental, Safety and Efficiency Improvements

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

However, we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This Condition does not apply to any property to which Actual Cash Value applies.

(**4.** under form **CP 00 18**)

6. Green Environmental and Efficiency Improvements

If Covered Property requires repair or replacement due to an "equipment breakdown", we will pay:

a. The lesser of the reasonable and necessary additional cost incurred by the Insured to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "green". "Like kind and quality" includes similar size and capacity.

b. The additional reasonable and necessary fees incurred by the Insured for an accredited professional certified by a "green authority" to participate in the repair or replacement of physically damaged Covered Property as "Green".

c. The additional reasonable and necessary cost incurred by the Insured for certification or recertification of the repaired or replaced Covered Property as "green".

d. The additional reasonable and necessary cost incurred by the Insured for "green" in the removal, disposal or recycling of damaged Covered Property.

e. The business interruption (if covered within the Policy to which this Equipment Breakdown Enhancement Endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "green", in the coverages above.

We will not pay more than 150%, to a maximum limit of $100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

(**5.** under form **CP 00 18**)

7. Green Environmental and Efficiency Improvements does not cover any of the following:

a. Covered Property does not include stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the Insured is legally liable, or personal property of others.

b. Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.

c. Any loss covered under any other section of this policy.

d. Any cost incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the time of the "equipment breakdown".

(**6.** under form **CP 00 18**)

H. DEFINITIONS

With respect to this endorsement only, the following **Definitions** are added:

4. "Cloud computing" means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications and services provided by an organization with whom you have a contract with using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud and private cloud.

(**3.** under form **CP 00 18**)

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5. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment and electronic media and records.

(**4.** under form **CP 00 18**)

6. "Electronic equipment" means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.

(**5.** under form **CP 00 18**)

7. "Electronic equipment deficiency" means the quality or condition inside of "electronic equipment" which renders this equipment unexpectedly inoperable and which is operable again once a piece of "electronic equipment" has been replaced.

However, "electronic equipment deficiency" will not include replacement of "electronic equipment" for any condition that could have been resolved without replacement of the "electronic equipment" including but not limited to "computer equipment" maintenance or the reinstallation or incompatibility of software.

(**6.** under form **CP 00 18**)

8. "Equipment Breakdown" as used herein means:

a. Physical loss or damage both originated within:

(1) Boilers, fired and unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other static pressure of contents, excluding:

(1) Waste disposal piping;

(2) Any piping forming part of a fire protective system;

(3) Furnaces; and

(4) Any water piping other than:

(i.) Boiler feed water piping between the feed pump and the boiler;

(ii.) Boiler condensate return piping; or

(iii.) Water piping forming part of a refrigerating or air conditioning system for cooling, humidifying or space heating purposes.

(2) All mechanical, electrical, "electronic equipment" or fiber optic equipment; and

b. Caused by, resulting from, or consisting of:

(1) Mechanical breakdown;

(2) Electrical or electronic breakdown and "electronic equipment deficiency"; or

(3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "Equipment Breakdown" will not mean:

a. Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results then we will pay for such resulting damage:

(1) Wear and tear;

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

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

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

(6) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including

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any hardware, programs or software; or

(7) Marring or scratching.

b. Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement and flood.

(**7.** under form **CP 00 18**)

9. "Green" means products, materials, methods and processes certified by a "Green Authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

(**8.** under form **CP 00 18**)

10. "Green Authority" means an authority on "Green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), "Green" Building Initiative Green Globes®, Energy Star Rating System or any other recognized "Green" rating system.

(**9.** under form **CP 00 18**)

11. "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

(**10.** under form **CP 00 18**)

12. "Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

(**11.** under form **CP 00 18**)

CAUSES OF LOSS – BASIC FORM

A. Covered Causes of Loss

With respect to this endorsement only, the following **Covered Causes of Loss** is added:

12. " Equipment Breakdown".

B. Exclusions

With respect to this endorsement only, the following **Exclusions** do not apply:

B.2.d. and **B.2.e.**

With respect to this endorsement only, the following Exclusion is deleted and replaced with:

B.2.a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

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

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

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

(a) Electrical current, including arcing;

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

(c) Pulse of electromagnetic energy; or

(d) Electromagnetic waves or microwaves.

However, if damage results causing an "Equipment Breakdown", we will pay for the loss or damage caused by that "Equipment Breakdown".

CAUSES OF LOSS – BROAD FORM

A. Covered Causes of Loss

With respect to this endorsement only, the following **Covered Causes of Loss** is added:

15. "Equipment breakdown".

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B. Exclusions

With respect to this endorsement only, the following **Exclusions** do not apply:

B.2.**b**.and **B.2.c.**

With respect to this endorsement only, the following **Exclusion** is deleted and replaced with:

B.2.a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

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

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

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

(a) Electrical current, including arcing;

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

(c) Pulse of electromagnetic energy; or

(d) Electromagnetic waves or micro-waves.

But if an “equipment breakdown” results, we will pay for the loss or damage caused by that “equipment breakdown”.

CAUSES OF LOSS - SPECIAL FORM

A. Covered Causes of Loss

With respect to this endorsement only, **Covered Causes of Loss** also means “Equipment Breakdown”.

B. Exclusions

With respect to this endorsement only, the following **Exclusions** do not apply:

B.2.d.(6) and **B.2.e.**

With respect to this endorsement only, the following Exclusions is deleted and replaced with the following:

B.2.a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

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

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

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

(a) Electrical current, including arcing;

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

(c) Pulse of electromagnetic energy; or

(d) Electromagnetic waves or micro-waves.

But if an “equipment breakdown” results, we will pay for the loss or damage caused by that “equipment breakdown”.

However, if damage results causing an “Equipment Breakdown”, we will pay for the loss or damage caused by that “Equipment Breakdown”.

C. Limitations

With respect to this endorsement only, the following **Limitations** do not apply:

C.1.a. and **C.1.b.**

G. Definitions

With respect to this endorsement only, the following is added to the “Specified Causes of Loss” definition:

Specified Causes of Loss" also means “Equipment Breakdown”.

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Election Not To Buy Separate Flood Insurance

I have elected **NOT** to purchase, or cannot purchase, separate flood insurance for the property to be insured by Safepoint Insurance Company (Safepoint) and affirm the following:

FLOOD INSURANCE IS NOT PROVIDED IN ANY POLICIES WRITTEN BY SAFEPOINT. MY PROPERTY WILL NOT BE COVERED FOR ANY LOSS CAUSED BY OR RESULTING FROM FLOOD. I UNDERSTAND FLOOD INSURANCE MAY BE PURCHASED SEPARATELY FROM A PRIVATE FLOOD INSURER OR THE NATIONAL FLOOD INSURANCE PROGRAM ("NFIP"), AN ENTITY CREATED BY THE UNITED STATES FEDERAL GOVERNMENT.

IF I MAKE A CLAIM FOR RISING WATER ENTERING MY HOME, AND I HAVE NOT PURCHASED FLOOD INSURANCE AT LIMITS REQUIRED BY SAFEPOINT, I WILL HAVE THE BURDEN OF PROVING THE DAMAGE WAS NOT CAUSED BY FLOOD.

Safepoint strongly recommends that property owners in "Special Flood Hazard Areas" (as identified by the NFIP) obtain flood coverage.

I have read and I understand the information above, and I elect **NOT** to separately purchase flood coverage. I understand my election shall apply to this policy and all future renewals of this policy issued to me by Safepoint, unless proof of purchase of flood insurance is provided to Safepoint. I understand that execution of this form does **NOT** relieve me of any obligation I may have to my mortgagee to purchase flood insurance.

_____
Policy Number

_____ _____
Policyholder's Name **Property Address**

_____ _____
Policyholder's Signature **City, State, Zip**

_____ _____
Agent's Signature **Agency Name**

_____
Date

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

In **A. Coverage**, section **2. Property Not Covered**, paragraph **r.** is added.

r. Other structures, including but not limited to; canopies, pumps, signs, fences, overhangs, covered walkways, and pools, unless specifically listed on the declarations page and a premium paid.

In **A. Coverage**, section **4. Additional Coverages**, paragraph **g.** is added.

g. Reasonable Emergency Measures

a. We will pay up to $10,000 for the reasonable costs incurred by you for necessary measures taken solely to protect Covered Property from further damage, when the damage or loss is caused by a Covered Cause of Loss.

b. We will not pay more than the amount in **a.** above, unless we provide you approval within 48 hours of your request to us to exceed the limit in **a.** above. In such circumstance, we will pay only up to the additional amount for the measures we authorize.
If we fail to respond to you within 48 hours of your request to us and the damage or loss is caused by a Covered Cause of Loss, you may exceed the amount in **a.** above only up to the cost incurred by you for the reasonable emergency measures necessary to protect the Covered Property from further damage.

c. If however, endorsement **SIC LA NS** is part of your policy and a covered loss occurs during a windstorm or hail storm as described in endorsement **SIC LA NS**, the amount we pay under this additional coverage is not limited to the amount in **a.** above.

d. A reasonable measure under this Additional Coverage **4.g.** may include a permanent repair when necessary to protect the Covered Property from further damage or to prevent unwanted entry to the property. To the degree reasonably possible, the damaged property must be retained for us to inspect.

e. This coverage does not:

(1) Increase the limit of liability that applies to the Covered Property;

(2) Relieve you of your duties, in case of a loss to Covered Property described in the Declarations.

(3) Pay for property not covered, or for repairs resulting from a cause of loss not covered, or for loss excluded in this policy.

Section **C. Limits of Insurance** is replaced with the following:

C. Limits of Insurance

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

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

1. Fire Department Service Charge;

2. Pollutant Clean-up And Removal;

3. Increased Cost Of Construction; and

4. Electronic Data.

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

In **E. Loss Conditions**, section **3. Duties In the Event Of Loss Or Damage** is replaced with the following:

3. Duties In The Event Of Loss Or Damage

a. In the event of loss or damage to Covered Property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an insured seeking coverage, or a representative of either:

(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.

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Except for Reasonable Emergency Measures taken under Additional Coverage **4.g.**, there is no coverage for repairs that begin before the earlier of:

a. 72 hours after we are notified of the loss;

b. The time of loss inspection by us; or

c. The time of other approval by us;

(3) **a.** To the degree reasonably possible, retain the damaged property; and

b. Allow us to inspect, subject to **(3).a.** above, all damaged property prior to its removal from the premises described in the Declarations.

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

(5) Protect the Covered Property from further damage. The following must be performed:

a. Take reasonable emergency measures that are necessary to protect the Covered Property from further damage, as provided under Additional Coverage **4.g.**

A reasonable emergency measure under **(5) a.** above may include a permanent repair when necessary to protect the Covered Property from further damage or to prevent unwanted entry to the property. To the degree reasonably possible, the damaged property must be retained for us to inspect.

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

(7) 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.

(8) 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.

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

(10) You or any insured under this policy must:

a. Submit to examinations under oath and recorded statements, while not in the presence of any other insured; and

b. Sign the same.

(11) If you are an association, corporation or other entity; any members, officers, directors, partners or similar representatives of the association, corporation or other entity must:

a. Submit to examinations under oath and recorded statements, while not in the presence of any other insured; and

b. Sign the same.

(12) Your agents, your representatives, including any public adjusters engaged on your behalf, and anyone insured under this policy other than an insured in **(10)** or **(11)** above, must:

a. Submit to examinations under oath and recorded statements, while not in the presence of any other insured; and

b. Sign the same.

The duties above apply regardless of whether you, an insured seeking coverage, or a representative of either retains or is assisted by a party who provides legal advice, insurance advice or expert claim advice, regarding an insurance claim under this policy.

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SAFEPOINT INSURANCE COMPANY, INC.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Louisiana Calendar Year Named Storm and Hurricane Percentage Deductible

This endorsement modifies insurance provided under the following:

BUILDERS' RISK COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGEFORM
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Named Storm Deductible Percentage – Enter 1%, 2%, 3%, 5% Or 10%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

“Named Storm” means a storm system that has been declared a named storm by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC.

“Hurricane” means a storm system that has been declared a hurricane by the National Hurricane Center of the National Weather Service.

“Separate deductible” means a deductible that applies to direct physical loss or damage resulting from a specified weather event and may be expressed as a percentage of the insured value of the property or as a specific dollar amount and includes hurricane, named storm, and wind and hail deductibles.”

Under the terms of this endorsement, a Named Storm or Hurricane begins at the time a Watch or Warning is issued by the NHC for the area in which the affected premises are located and ends 72 hours after the termination of the last Watch or Warning issued for that area by the NHC.

The Named Storm and Hurricane Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by each Named Storm or Hurricane. If there is covered loss or damage from a windstorm that is not a Named Storm or Hurricane, the applicable deductible is the same deductible that applies to Fire, unless a different deductible is stated elsewhere in this policy for such loss or damage.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

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As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

NAMED STORM AND HURRICANE DEDUCTIBLE CALCULATIONS

A. Calculation Of The Deductible – All Policies

1. A Deductible is calculated separately for, and applies separately to:

a. Each building that sustains loss or damage;

b. The personal property at each building at which there is loss or damage to personal property; and

c. Personal property in the open.

If there is damage to both a building and personal property in that building, a deductible will be applied separately to the building and to personal property.

The Named Storm and Hurricane Deductible(s), as described above, will apply on an annual basis to all named storm or hurricane losses that are subject to the separate deductible during the calendar year. If direct physical loss or damage results from more than one named storm or hurricane during a calendar year that is subject to the separate deductible, the insurer will apply a deductible to any succeeding named storms or hurricanes that is equal to the remaining amount of the separate deductible or the amount of the deductible that applies to all perils other than a named storm or hurricane, whichever is greater.

However, if, during the calendar year, you pay a Named Storm or Hurricane Deductible for a covered loss, and during that same calendar year, you change insurance companies, or renew your policy with a different amount for the Named Storm or Hurricane Deductible, you will be subject to a new Named Storm or Hurricane Deductible for any subsequent Named Storm or Hurricane losses, even if within the same calendar year.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; or any provision in a Value Reporting Form relating to full reporting or failure to submit reports.

3. When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible – Specific Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2%, 3%, 5%, or 10% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

C. Calculation Of The Deductible – Blanket Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2%, 3%, 5%, or 10% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The values to be sued are those shown in the Declarations under Blanket Insurance.

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Examples – Application Of Deductible

Example 1 – Specific Insurance (B.1.)

The amount of loss to the damaged building is $60,000.

The value of the damaged building at time of loss is $100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is $80,000 (80% of $100,000).

The **actual** Limit of Insurance on the damaged building is $70,000.

The Deductible is 1%.

Step **(1):** $70,000 ÷ $80,000 = .875

Step **(2):** $60,000 x .875 = $52,500

Step **(3):** $70,000 x 1% = $700

Step **(4):** $52,500 – $700 = $51,800

The most we will pay is $51,800. The remainder of the loss, $8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps **(1)** and **(2)**) and the application of the Deductible (Steps **(3)** and **(4)**).

Example 2 – Specific Insurance (B.1.)

The amounts of loss to the damaged property are $60,000 (building) and $40,000 (personal property in building).

The value of the damaged building at time of loss is $100,000. The value of the personal property in that building is $80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are $80,000 (80% of $100,000) for the building and $64,000 (80% of $80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are $80,000 on the building and $64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 2%.

Building

Step **(1):** $80,000 x 2% = $1,600

Step **(2):** $60,000 – $1,600 = $58,400

Personal Property

Step **(1):** $64,000 x 2% = $1,280

Step **(2):** $40,000 – $1,280 = $38,720

The most we will pay is $97,120. The portion of the total loss not covered due to application of the Deductible is $2,880.

Example 3 – Blanket Insurance (C.1.)

The sum of the values of Building 1 ($500,000), Building 2 ($500,000) and Building 3 ($1,000,000), as shown in the most recent Statement of Values on file with us, is $2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is $1,800,000 (90% of $2,000,000).

The **actual** Blanket Limit Of Insurance covering Buildings 1, 2, and 3, shown in the Declarations, is $1,800,000 (therefore no Coinsurance penalty).

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Buildings 1 and 2 have sustained damage; the amounts of loss to these buildings are $40,000 (Building 1) and $20,000 (Building 2).

The Deductible is 2%.

Building 1

Step **(1):** $500,000 x 2% = $10,000

Step **(2):** $40,000 – $10,000 = $30,000

Building 2

Step **(1):** $500,000 x 2% = $10,000

Step **(2):** $20,000 – $10,000 = $10,000

The most we will pay is $40,000. The portion of the total loss that is not covered due to application of the Deductible is $20,000.

All other terms and conditions remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Property Coverage Extension Endorsement

This endorsement modifies insurance provided under the following:

NOTE: The following additions and amendments to the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CAUSES OF LOSS – SPECIAL FORM, and/or the COMMERCIAL PROPERTY CONDITIONS and will apply unless excluded by separate endorsement(s) to the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CAUSES OF LOSS – SPECIAL FORM, or the COMMERCIAL PROPERTY CONDITIONS.

A. Under BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10:

1. In Section A. Coverage, the references to 100 feet are amended to read 1,000 feet in the paragraphs below:

   1.a.(5)(b) Building;

   1.b. Your Business Personal Property;

   1.c. Personal Property Of Others

2. The following item is amended under Section A., Coverage 4. Additional Coverages:

   c. Fire Department Service Charge

   The provision that states "we will pay up to $1,000 for your liability for fire department service charges is amended to say "we will pay up to $5,000 for your liability for fire department services charges."

3. Section A. Coverage 4. Additional Coverages e. Increased Cost of Construction is deleted in its entirety and replaced with the following:

   e. Limited Ordinance or Law Coverage

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

   (a) The ordinance or law:

   (i) Is in force at the time of loss;

   (ii) Regulates demolition, construction or repair of a covered building, or establishes zoning or land use requirements at the described location.

   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.

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

   (ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law;

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

   (c) In the situation described in (b)ii. above, we will not pay the full amount of loss otherwise payable under the terms of item (2) Coverages, below. 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.

   However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of item (2) Coverages, below.

(2) Coverages

   (a) Coverage For Loss to the Undamaged Portion of the Building

   With respect to the building that has sustained covered direct physical damage, we will pay 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 not damaged by a Covered Cause of Loss.

   (b) Demolition Cost Coverage

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

   (c) Increased Cost of Construction

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

   i. Repair or reconstruct damaged portions of that building; and/or

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ii. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

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

(ii) 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.

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

(3) We will not pay under this Additional Coverage for:

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

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

(4) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is $50,000 or 5% of the Limit of Insurance applicable to that building, whichever is less.

If a damaged building is covered under a Blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: $25,000 or 5% times the value of the damaged building as of the time of loss times the applicable coinsurance percentage.

Subject to this limit, the following loss payment provisions apply:

(a) For loss in value of an undamaged portion of a building to which (2)(a) above applies, the loss payment of that building, including the damaged and undamaged portions, will be determined as follows:

(i) If the property is repaired or replaced on the same or another premises, we will pay the amount you would actually spend to repair, rebuild or reconstruct the building, but not 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.

(ii) If the property is not repaired or replaced, we will pay the actual cash value of the building at the time of loss.

(b) With respect to Demolition Cost to which (2)(b) above applies, we will pay the amount you actually spend to demolish and clear the site of the described premises.

(c) With respect to Increased Cost of Construction, to which (2)(c) above applies:

(i) 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.

(ii) 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.

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

(5) The terms of this Additional Coverage apply separately to each building. However, this Additional Coverage does not apply to buildings with specifically scheduled Ordinance or Law Coverage.

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

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

(b) You failed to comply.

The Coinsurance Additional Condition does not apply to this Additional Coverage.

With respect to this Additional Coverage, the provisions of the Coverage Form apply unless modified above. The amount payable under these Additional Coverages is additional insurance.

4. The following are added under Section A., Coverage 4. Additional Coverages:

Arson, Vandalism and Burglary Reward

We may pay up to $10,000 for any one occurrence as a reward for information which leads to a conviction in connection with one

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of the following acts which resulted in a loss covered under this policy:

(1) Arson;

(2) Vandalism;

(3) Burglary, meaning the taking of property from inside the building at the described premises by a person unlawfully entering or leaving a building at the described premises as evidenced by marks of forcible entry or exit.

Regardless of the number of persons involved in providing information, the limit of our liability under this Additional Coverage shall not be increased. Payments under this Additional Coverage are in addition to the Limit of Insurance.

No deductible applies to this Additional Coverage.

Employee Theft

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

(a) Cause you to sustain loss or damage; and

(b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment).

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

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

(b) If the only proof of which as to its existence or amount is:

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) The most we will pay for loss or damage in any one occurrence under this Additional coverage is $25,000.

(4) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of related acts; is considered one occurrence.

(5) We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(6) This Additional Coverage does not apply to any employee immediately upon discovery by:

(a) You; or

(b) Any of your partners, officers or directors not in collusion with the employee; of any dishonest act committed by that employee before or after being hired by you.

(7) We will pay only for covered loss or damage discovered no later than one year from the end of the policy period.

(8) If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

(a) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and

(b) The loss or damage would have been covered by the Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

(9) The insurance under Paragraph (8) above is part of, not in addition to, the Limits of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

(a) This Additional Coverage as of its effective date; or

(b) The prior insurance had it remained in effect.

(10) The property covered under this insurance is limited to property:

(a) That you own or hold; or

(b) For which you are legally liable.

(11) We will not pay for expenses related to any legal action.

(12) We will not pay for loss that is an indirect result of any act or occurrence covered by this insurance, including but not limited to, loss resulting from:

(a) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.

(b) Payment of damages of any type for which you are legally liable. But we will pay compensatory damages arising directly from a loss covered under this insurance.

(c) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

(13) We will not pay for loss arising out of "employee benefit plan(s)".

Money Orders and Counterfeit Money

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

(a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(b) "Counterfeit money" that is acquired during the regular course of business.

(2) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

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(3) Under this Additional Coverage

(a) "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

(b) "Occurrence" means:

(i) An individual act or event;

(ii) The combined total of all separate acts or events whether or not related; or

(iii) A series of acts or events whether or not related; committed by a person acting alone or in collusion with other persons during the Policy Period shown in the Declarations.

The most we will pay for all loss resulting directly from an "occurrence" is $15,000. Payments under this Additional Coverage are in addition to the applicable Limits of Insurance.

(4) If any loss is covered under this and any other coverage under this policy, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those coverages.

Accounts Receivable

(1) You may extend the insurance that applies to your Business Personal Property to apply to the following loss and expenses which are the direct result of loss or damage caused by a Covered Cause of Loss to your accounts receivable records including those on electronic data processing media:

(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 the loss or damage; and

(d) Other reasonable expenses that you incur to reestablish your records of accounts.

The most we will pay for loss or damage under this Additional Coverage is $25,000 in any one occurrence.

(2) In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss or damage under this Extension caused by or resulting from any of the following:

(a) Bookkeeping, accounting or billing errors or omissions;

(b) Delay, loss of use, loss of market or any other consequential loss;

(c) 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;

(d) Unauthorized instructions to transfer property to any person or to any place;

(e) Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from (except as a result of a direct loss caused by lightning):

(i) Programming errors or faulty machine instructions;

(ii) Faulty installation or maintenance of data processing equipment or component parts; or

(iii) Interruption of electrical power supply, power surge, blackout or brownout.

But we will pay for direct loss caused by lightning.

Coverage under this Extension does not apply to contraband or property in the course of illegal transportation or trade.

(3) We will not pay for loss or damage that requires:

(a) An audit of records;

(b) Any inventory computation; or

(c) A profit or loss computation; to prove its factual existence.

Computer Fraud

(1) We will pay for loss of or damage to "money", "securities" and other property resulting directly from the use of any "computer" to fraudulently cause a transfer of property from inside a building at the described premise or from any bank or similar safe repository:

(a) To a person outside these premises; or

(b) To a place outside those premises.

(2) The most we will pay in any one occurrence is $5,000.

(3) We will cover loss or damage commencing within the policy period and within the coverage territory. The coverage territory for this coverage is anywhere in the world.

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 $15,000 in any one occurrence.

(4) We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

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(5) We will not pay for loss resulting from any dishonest or criminal act committed by any of your employees, directors, or trustees:

(a) Whether acting alone or in collusion with other persons; or

(b) Whether while performing services for you or otherwise.

(6) You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth amount and cause of loss.

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

(8) The property covered under this insurance is limited to property:

(a) That you own or hold: or

(b) For which you are legally liable.

Back Up of Sewers and Drains

We will pay for loss or damage to Your Covered Property solely caused by or resulting from water which:

(1) Backs up through sewers, drains or sump; or

(2) Enters into and overflows from within a:

(a) sump pump;

(b) sump pump well; or

(c) other type system;

designed to remove subsurface water from the foundation area.

(3) With respect to the coverage provided under this additional coverage, the Water Exclusion(s) in this policy are replaced with the following exclusion:

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

(b) Mudslide or mudflow;

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

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

(ii) Basements, whether paved or not; or

(iii) Doors, windows or other openings; or

(d) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (a) or (c), or material carried or otherwise moved by mudslide or mudflow.

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

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

The most we will pay under this Additional Coverage is $10,000 in any one occurrence for each location.

Utility Services – Direct Damage

We will pay for loss or damage to your Covered Property caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises:

(1) Water Supply Services, meaning the following types of property supplying water to the described premises:

(a) Pumping stations; and

(b) Water mains.

(2) Communication Supply Services, meaning property supplying communications service, including telephone, radio, microwave or television services to the described premises, such as:

(a) Communication transmission lines including optic fiber transmission lines;

(b) Coaxial cables; and

(c) Microwave radio relays, except satellites.

This does not include overhead transmission lines.

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

(a) Utility generation plants;

(b) Switching stations;

(c) Substations;

(d) Transformers; and

(e) Transmission lines.

This does not include overhead transmission lines.

The Coinsurance Additional Condition does not apply to this endorsement.

The most we will pay for loss or damage under this Additional Coverage is $25,000 in any one occurrence.

Exception: Coverage under this Additional Coverage does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

Utility Services – Time Element

Your coverage for Business Income and/or Extra Expense, as provided and limited in the applicable Coverage Form, is extended to apply to a "suspension" of "operations" at the described premises caused by an interruption in utility service to that premises. The interruption in utility service must result from

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direct physical loss or damage by a Covered Cause of Loss to the property described below:

(1) Water Supply Services, meaning the following types of property supplying water to the described premises:
   (a) Pumping stations; and
   (b) Water mains.

(2) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
   (a) Communication transmission lines, including optic fiber transmission lines;
   (b) Coaxial cables; and
   (c) Microwave radio relays except satellites.

   This does not include overhead transmission lines.

(3) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:
   (a) Utility generating plants;
   (b) Switching stations;
   (c) Substations;
   (d) Transformers; and
   (e) Transmission lines.

   This does not include overhead transmission lines.

The Coinsurance Additional Condition does not apply to this endorsement.

The most we will pay for loss or damage under this Additional Coverage is $25,000 in any one occurrence.

Exception: Coverage under this Additional coverage does not apply to Business Income loss or Extra Expense related to interruption in utility service which causes loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

Tenant's Glass

If the Named Insured, as tenant, has a contractual responsibility to the building owner for loss or damage to glass that is part of the leased building(s) or structure and there is no building coverage on the Declarations for the leased property, we will pay for direct physical loss or damage to the tenant's glass.

(1) We will pay for expenses incurred to put 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.

(3) We will pay the cost of replacement with safety glazing material if required by law.

Lock and Key Replacement

(1) We will pay for the cost to repair or replace locks at the described premises due to the theft or loss of keys.

(2) The most we will pay is $2,500 for all loss or damage in any one occurrence.

Dependent Properties

We will pay for the actual loss of Business Income you sustain during the "period of restoration" when your "operations" are interrupted by direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However, coverage under this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to electronic data, including destruction or corruption of electronic data. If the "dependent property" sustains loss or damage to electronic data and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

We will pay for necessary Extra Expense under this Additional Coverage if Form CP 00 30 Business Income (and Extra Expense) Coverage Form is attached to this policy.

With respect only to the insurance provided under this Additional Coverage, C. Loss Conditions, 3. Loss Determination, c. Resumption of Operations in Form CP 00 30 is replaced as follows:

We will reduce the amount of your:

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

(2) 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.

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

The most we will pay under this Additional Coverage is the $10,000.

5. Under Section A. Coverage, 5. Coverage Extensions the following items c., d. and e. are deleted and replaced with the following:

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

      (1) The insurance that applies to your Business Personal Property is extended to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this extension does not apply to valuable papers and records which exist as electronic data.

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

(3) Under this Extension, the most we will pay to replace or restore the lost information is $25,000 at each described premises and $10,000 off premises. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The cost of blank material and labor are subject to the applicable Limit of Insurance on your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

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

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

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

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

(d) While in transit.

(2) This Extension does not apply to property in the care, custody, or control of your salespersons unless the property is in such care, custody or control at a fair, trade show or exhibition.

The most we will pay under this Extension for any one occurrence is $10,000.

e. Outdoor Property

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

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

The most we will pay for loss or damage under this Extension is $5,000, but not more than $1,000 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

6. Under Section A. Coverage, 5. Coverage Extensions the following is added:

Spoilage Coverage

You may extend the insurance that applies to Your Business Personal Property for Covered Causes of Loss shown in the Declarations, but only with respect to coverage provided by this endorsement.

With respect to this Spoilage Coverage Extension:

(1) Covered Property is amended to include "Perishable stock" at the premises described in the Declarations owned by you or by others that is in your care, custody or control.

(2) Covered Property does not include property located:

(a) On buildings;

(b) In the open; or

(c) In vehicles.

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

(a) The disconnection of any refrigerating, cooling, or humidity control system from its source of power.

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

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

(i) Lack of fuel; or

(ii) Governmental order.

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

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

(4) When Special is shown in the Declarations, Covered Causes of Loss under this Extension includes:

(a) Breakdown or Contamination by:

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

(ii) Contamination by the refrigerant.

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

The most we will pay under this Extension is $15,000 per described premises, subject to a $1,000 deductible.

7. Under Section C. Limits of Insurance the provision that states "The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is $2,500 per sign in any one occurrence." is amended to say "The limit for loss or damage to outdoor signs, whether or not the sign is attached to a building, is

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$15,000 unless a higher amount is shown on the Declarations page."

8. The following is added to Section D. Deductible:

   Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under any of the following Additional Coverages or Coverage Extensions in any one occurrence is $500:

   - Accounts Receivable in Transit;
   - Employee Theft;
   - Fire Protective Equipment Discharge;
   - Outdoor Property;
   - Property Off-premises; and
   - Utility Services – Direct Damage.

   Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under Tenant's Glass in any one occurrence is $250 and $100 dollars for lock and key replacement.

   No Deductible applies to the following Additional Coverages:

   - Fire Department Service Charge;
   - Arson, Vandalism and Burglary Reward.

9. With respect to this Endorsement the following provision is added to E. Loss Conditions 4. Loss Payment:

   i. Additional Conditions – Determination of Receivables

   (1) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:

   (a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

   (b) Adjust the total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

   (2) The following will be deducted from the total amount of accounts receivable, however that amount is established:

   (a) The amount of the accounts for which there is no loss;

   (b) The amount of the accounts that you are able to re-establish or collect;

   (c) An amount to allow for probable bad debts that you are normally unable to collect; and

   (d) All unearned interest and service charges.

10. With respect to this Endorsement the following provision is added to E. Loss Conditions 5. Recovered Property:

    Additional Conditions – Recovered Property

    You will pay us the amount of all recoveries you receive for a loss paid by us. But any recoveries in excess of the amount paid belong to you.

    Loss in this Extension means accidental loss or damage. The most we will pay under this Extension in any one occurrence at all described premises is $10,000. The most we will pay for property under this extension while in transit or temporarily at your home or at premises you do not own, lease, or operate is $5,000.

11. The following definitions are added to Section H. Definitions:

    "Employee" means:

    a. Any natural person:

    (1) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to theft or any other dishonest act committed by the "employee";

    (2) Who you compensate directly by salary, wages or commissions and

    (3) Who you have the right to direct and control while performing services for you;

    b. Any natural person who is furnished temporarily to you:

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

    (2) To meet seasonal or short-term workload conditions;

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

    c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph b. (2);

    d. Any natural person who is:

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

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

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

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

    g. Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

    h. Any of your managers, directors or trustees while:

    (1) Performing acts within the scope of the usual duties of an "employee"; or

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

    "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified above.

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"Money" means:

a. Currency, coins and bank notes whether or not in current use; and
b. Travelers checks, register checks and money orders held for sale to the public.

"Perishable stock" means personal property:

a. Maintained under controlled conditions for its preservation; and
b. Susceptible to loss or damage if the controlled conditions change.

"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) whether or not 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".

"Employee Benefit Plan(s)" means any welfare or pension benefit plan that is subject to the Employee Retirement Income Security Act of 1974 (ERISA).

"Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account (Contributing Locations). But any property which delivers any of the following services is not a Contributing Location with respect to such services:
   (1) Water supply services;
   (2) Power supply services; or
   (3) Communication supply services, including services relating to Internet access or access to any electronic network;
b. Accept your products or services (Recipient Locations);
c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
d. Attract customers to your business (Leader Locations).

"Period of restoration", with respect to "dependent property", means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the 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.

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

a. Regulates the construction, use or repair, or requires the tearing down, of any property; or
b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess to effects of "pollutants".

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

"Operations" means your business activities occurring at the described premises.

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