

# THE TRAVELERS INSURANCE COMPANIES

One Tower Square  
Hartford, CT 06183

## DECLARATIONS

**Policy Number:** KTJ-CMB-2A00681-8-16

**Issue Date:** 08/28/2016

**NAMED INSURED AND MAILING ADDRESS:**

STATE OF OHIO  
4200 SURFACE ROAD  
OFFICE OF RISK MANAGEMENT  
COLUMBUS, OH 43228

**POLICY PERIOD:** FROM: 07/01/2016 TO: 07/01/2017

Effective 12:01 a.m. at description and location of property covered.

**COVERAGE FORMS AND ENDORSEMENTS FORMING A PART OF THIS POLICY.**

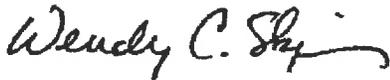
The complete policy consists of this Declarations and the Supplemental Coverage Declarations and the forms listed on MS C0 02 07 99.

**PREMIUM:** \$ 2,176,239

**INSURING COMPANIES:**

In return for payment of the premium, the Company agrees with the Named Insured to provide the insurance afforded by this policy. That insurance will be provided by the Company designated by an "X" below.

Travelers Property Casualty Company of America (a Stock Company)



Secretary



President

The company listed above has executed this policy, but it is valid only if countersigned by our authorized representative.

**PRODUCER NAME AND ADDRESS**

WILLIS OF OHIO INC  
775 YARD ST STE 200  
COLUMBUS, OH 43212

**Countersigned by:** \_\_\_\_\_  
(Authorized Representative)

**Date:** \_\_\_\_\_

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READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.

**A. POLICY LIMIT:** In no event shall liability under this policy arising out of one occurrence exceed \$350,000,000, nor shall liability exceed any specific Limit of Insurance applying to any insured loss, coverage or location(s).

**B. LIMITS OF INSURANCE –** For application of Limits of Insurance refer to Section O. Limits of Insurance in the General Conditions:

1.	Buildings, in any one occurrence:  Included means included in the Policy Limit.	Included
2.	Business Personal Property, in any one occurrence:  Included means included in the Policy Limit.	Included
3.	Electronic Data Processing Equipment, in any one occurrence:	\$ 25,000,000
	Electronic Data Processing Data and Media, in any one occurrence	\$ 1,000,000
4.	Accounts Receivable, in any one occurrence:	\$ 10,000,000
5.	Valuable Papers, in any one occurrence:	\$ 10,000,000
6.	Fine Arts, in any one occurrence:	\$ 20,000,000
7.	Newly Constructed or Acquired Property, at any one building, In any one occurrence: Number of days 120.	\$ 25,000,000
8.	Outdoor Property including Debris Removal, in any one occurrence: Trees, shrubs and plants are subject to a maximum per item of:	\$ 5,000,000  \$ 2,500
9.	Covered Property at Undescribed Premises, in any one occurrence:	\$ 1,000,000
10.	Covered Property in Transit, in any one occurrence:	\$ 500,000
11.	Debris Removal (additional), in any one occurrence:	\$ 1,000,000
12.	Pollutant Cleanup and Removal, aggregate in any one policy year:	\$ 250,000
13.	Claim Data Expense, in any one occurrence:	\$ 250,000

<b>14.</b>	<b>Ordinance or Law</b>		
	Loss to the Undamaged Portion, in any one occurrence:		Included
	Included means, included in the Limit of Insurance that applies to loss or damage to the affected Building(s), as limited by Endorsement 2.		
	Demolition, in any one occurrence:	\$	25,000,000
	Increased Cost of Construction, in any one occurrence:	\$	25,000,000
<b>15.</b>	<b>Business Income, in any one occurrence:</b>	\$	5,000,000
	Rental Value, in any one occurrence:		Included
	Included means, included in the Limit shown for Business Income.		
	Ordinary Payroll: Limited - 90 days		
	Extended Business Income or Rental Value at 60 days. Revised to: 90 days.		
	Civil Authority 30 days.		
	Dependent Property, in any one occurrence:	\$	1,000,000
	Ordinance or Law - Increased Period of Restoration, in any one occurrence:	\$	250,000
	Newly Acquired Locations, in any one occurrence: Number of days 120.	\$	500,000
	Undescribed Premises, in any one occurrence:	\$	100,000
	Claim Data, in any one occurrence:	\$	25,000
<b>16.</b>	<b>Extra Expense, in any one occurrence:</b>	\$	26,000,000
	Civil Authority 30 days.		
	Ordinance or Law - Increased Period of Restoration, in any one occurrence:	\$	50,000
	Newly Acquired Locations, in any one occurrence: Number of days 120.	\$	50,000
	Undescribed Premises , in any one occurrence:	\$	50,000
	Claim Data, in any one occurrence:	\$	25,000
<b>17.</b>	<b>Leasehold Interest, in any one occurrence:</b>	\$	1,000,000
<b>18.</b>	<b>Earth Movement – aggregate in any one policy year, for all losses covered under this policy, commencing with the inception date of this policy:</b>		
	a. Occurring in Alaska, Hawaii or Puerto Rico:		Not Covered

- |   |                |
|---|----------------|
| b. Occurring in California:                                       | Not Covered    |
| c. Occurring in High Hazard Earth Movement Areas as per MS C6 02: | Not Covered    |
| d. Occurring anywhere else in the Policy Territory:               | \$ 100,000,000 |

If more than one Annual Aggregate Limit applies in any one occurrence, the most the Company will pay is the highest involved Annual Aggregate Limit. The most the Company will pay during each annual period is the largest of the Annual Aggregate Limits shown.

**19. Flood – aggregate in any one policy year, for all losses covered under this policy, commencing with the inception date of this policy:**

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|---|----------------|
| a. Occurring at all Insured Premises resulting from Flood to buildings, structures or property in the open within Flood Zone A, Zones prefixed A, Zone B, Zone X (shaded) or Zone X-500 as classified under the National Flood Insurance Program or to property in or on buildings or structures located within such Flood Zones:           | \$ 10,000,000  |
| b. Occurring at all other Insured Premises, except this policy does not cover loss resulting from Flood to buildings, structures or property in the open within Flood Zone V or Zones prefixed V as classified under the National Flood Insurance Program or to property in or on buildings or structures located within such Flood Zones : | \$ 100,000,000 |

Any loss resulting from Flood to a building, structure or property in the open which is, at the time of loss, within more than one Flood Zone will be subject to the insurance and Annual Aggregate Limit, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as identified in MS C2 06, in which it is located. The Flood Zone that applies to a building or structure will also apply to any property in or on such building or structure.

If, at the time of loss resulting from Flood, the community in which property is located has been suspended from the National Flood Insurance Program, the Flood Zone(s) that applied prior to the suspension will be used in determining the Flood Zone(s) that apply to the property.

If more than one Annual Aggregate Limit applies in any one occurrence, the most the Company will pay is the highest involved Annual Aggregate Limit. The most the Company will pay during each annual period is the largest of the Annual Aggregate Limits shown.

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|--|----------|
| <b>20. Boiler and Machinery (Insured's Locations only)<br/>Property Damage, in any one accident:</b> | Included |
| Business Income and Rental Value, in any one accident:   | Included |

Extra Expense, in any one accident:		Included
Leasehold Interest, in any one accident:		Included
Hazardous Substance, in any one accident:		
Ammonia Contamination:	\$	1,000,000
Any other substance:	\$	1,000,000
Water Damage, in any one accident:	\$	1,000,000
Consequential Damage, in any one accident:	\$	1,000,000
Included means, included in the Limit of Insurance that otherwise applies under this policy to the coverage for which included is indicated.		
Boiler and Machinery (Insured's Locations only) all coverages combined, maximum in any one accident:	\$	200,000,000
<b>21.</b> Limited "Fungus," Wet Rot and Dry Rot Coverage:		
<b>a.</b> Direct Damage		
Aggregate, in any one policy year:	\$	100,000
<b>b.</b> Business Income, Rental Value and Extra Expense		
Number of days: 30		
<b>22.</b> Builder's Risk, in any one occurrence:		
Maximum at any one Construction Site:	\$	50,000,000
Maximum at all Construction Sites:	\$	50,000,000
Builder's Risk, Property At Temporary Storage Location:	\$	100,000
Builder's Risk, Property in transit:	\$	100,000
<b>23.</b> Soft Costs, in any one occurrence:	\$	5,000,000
<b>24.</b> Expediting Expenses, in any one occurrence:	\$	26,000,000
<b>25.</b> Vehicle Damage, in any one occurrence:	\$	25,000,000
Excluding Over the Road Exposures.		
<b>26.</b> Ingress and Egress - Time Element, in any one occurrence:	\$	1,000,000
Number of Miles 1		
Number of consecutive days 30		
<b>27.</b> Utility Services – in any one occurrence:		
Utility Services Combined Direct Damage and Time Element, including Boiler and Machinery:	\$	5,000,000
<b>28.</b> Unreported Premises - Direct Damage:		
Per location, in any one occurrence:	\$	5,000,000
Maximum at all Unreported Premises, in any one occurrence:	\$	5,000,000
<b>29.</b> Sudden and Accidental Radioactive Contamination, as per MS C2 47, in any one occurrence:	\$	100,000
<b>30.</b> Aircraft, as per Endorsement 1, in any one occurrence:		350,000,000

31.	Watercraft, as per Endorsement 1, in any one occurrence:	350,000,000
32.	Emergency Evacuation, as per Endorsement 4, in any one occurrence:	\$ 250,000
<b>C. DEDUCTIBLES:</b> For application of Deductibles refer to Section B. Application of Deductibles in the General Conditions		
1.	To Fine Arts, in any one occurrence:	\$ 10,000
2.	By Earth Movement in any one occurrence:	\$ 100,000
	As respects Business Income, the deductible is included in the occurrence deductible.	
	As respects Rental Value, the deductible is included in the occurrence deductible.	
	As respects Extra Expense, the deductible is included in the occurrence deductible.	
3.	By Flood:	
a.	Occurring at Insured Premises within Flood Zone A or Zones prefixed A, as classified under the National Flood Insurance Program, the deductible for each building or structure and its contents separately, will be the amount recoverable under the National Flood Insurance Program when the maximum amount of insurance permitted by the National Flood Insurance Program applies, whether or not the coverage is purchased or maintained. In addition, the following deductible will apply to property not eligible and coverages not available under the National Flood Insurance Program that are covered under this policy and any difference in the valuation between the policies, in any one occurrence:	\$ 500,000
b.	Occurring anywhere else in the policy territory where Flood coverage applies, in any one occurrence:	\$ 100,000
	As respects Business Income, the deductible is included in the occurrence deductible.	
	As respects Rental Value, the deductible is included in the occurrence deductible.	
	As respects Extra Expense, the deductible is included in the occurrence deductible.	

Any loss resulting from Flood to a building, structure or property in the open which is, at the time of loss, within more than one Flood Zone will be subject to the Flood deductible, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as identified in MS C2 06, in which it is located. The Flood Zone and Flood deductible that applies to a building or structure will also apply to any property in or on such building or structure.

If, at the time of loss resulting from Flood, the community in which property is located has been suspended from the National Flood Insurance Program, the Flood Zone(s) that applied prior to the suspension will be used in determining the Flood Zone(s) that apply to the property.

- 4. By Boiler and Machinery in any one accident:
  - a. At the Governor's Residence, 358 N Parkview Bexley, OH 43209-1439 \$ 5,000
  - b. At all other Insured's Locations: \$ 50,000

Applicable to Direct Damage, Business Income, Rental Value and Extra Expense.
- 5. To Utility Services - Direct Damage, including Boiler and Machinery, in any one occurrence: \$ 100,000
- 6. To Utility Services - Time Element, including Boiler and Machinery, in any one occurrence: Hours 24
- 7. To any other covered loss, in any one occurrence: \$ 100,000
- Except:**
  - a. To Personal Property, in any one occurrence: \$ 10,000
  - b. To the Multi-Agency Radio Communication Towers, in any one occurrence: \$ 10,000
  - c. At the Governor's Residence, 358 N Parkview Ave Bexley OH 43209-1439, in any one occurrence: \$ 5,000

**D. VALUATION PROVISION:**

Replacement Cost applies as per MS C5 05, except as otherwise stated within endorsement MS C5 05, within this Supplemental Declarations or elsewhere in this policy.

**E. SOLE AGENT PROVISION:** For any insurance afforded by this policy, STATE OF OHIO shall act on behalf of all insureds with respect to the giving and receiving of notice of cancellation or nonrenewal, the payment of premiums and the receiving of return premiums, and accepting of any endorsement issued to form a part of this policy.

**F. CANCELLATION PROVISION:** All references to 60 days or greater notice of cancellation in the

General Conditions or in any State Changes - Cancellation and Nonrenewal endorsement, other than for nonpayment of premium, is amended to read 90 days .

- G. **NON-RENEWAL PROVISION:** All references to 60 days or greater notice of nonrenewal in the General Conditions or in any State Changes - Cancellation and Nonrenewal endorsement is amended to read 90 days .
- H. **PREMIUM ADJUSTMENT:** This policy will be adjusted Quarterly for any changes in values and premiums.
- I. **ISSUING COMPANY:** Travelers Property Casualty Company of America (a Stock Company)

## 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. Words and phrases that appear in quotation marks have special meaning; refer to Section G., Definitions.

### A. INSURING AGREEMENT

The Company will pay for direct physical loss or damage to Covered Property at premises as described in the most recent Statement of Values or other documentation on file with the Company, caused by or resulting from a Covered Cause of Loss. Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section D., Exclusions; limited in Section E., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsements.

### B. COVERAGE

Coverage is provided for Covered Property and Covered Costs and Expenses, as described in Sections B.1. and B.2., for which the Insured has an insurable interest, unless excluded in Section C., Property and Costs Not Covered. Coverage applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations for the specific type of Covered Property or Covered Costs and Expenses, except for items B.2. a., d., e., g., h. and i. which do not require a specific Limit of Insurance to be shown.

#### 1. COVERED PROPERTY

**a. Building(s)**, means the buildings or other structures at the Insured's premises, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Machinery and equipment permanently attached to the building;
- (4) Personal property owned by the Insured that is used to maintain or service the buildings, structures or grounds; and
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the buildings or structures; and
  - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the Insured's premises, used for making alterations or repairs to the buildings or structures.

Building(s) do not include "Outdoor Property" except as provided in Section B.1.h.

**b. Business Personal Property** located in or on the buildings at the Insured's premises or in the open (or in a vehicle) within 1,000 feet of the Insured's premises, consisting of the following unless otherwise specified in the Supplemental Coverage Declarations:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by the Insured and used in the Insured's business;
- (5) Labor, materials or services furnished or arranged by the Insured on personal property of others;
- (6) The Insured's use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the buildings or structures occupied or leased, but not owned, by the Insured; and
  - (b) Acquired or made at the Insured's expense but which the Insured is not permitted to remove; and
- (7) Personal Property of Others (including the Insured's employees) used in the Insured's business that is in the care, custody, or control of the Insured or for which the Insured has agreed in writing to insure prior to any loss or damage.

However, payment by the Company for loss or damage to Personal Property of Others will only be for the account of the owner of the property.

Business Personal Property does not include:

- (1) "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media" except as provided in Section B.1.c.;
- (2) Accounts Receivable except as provided in Section B.1.d.;
- (3) Valuable Papers except as provided in Section B.1.e.; or
- (4) "Fine Arts" except as provided in Section B.1.f.

**c. "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media"**

This insurance applies to loss or damage to "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media" at or within 1,000 feet of the Insured's premises.

**d. Accounts Receivable**

This insurance applies to loss or damage to the accounts receivable records of the Insured while at or within 1,000 feet of the Insured's premises, including records stored on electronic data processing media. Credit card company charge records will be considered accounts receivable records until delivered to the credit card company.

- (1) The Company will pay:
  - (a) Amounts due the Insured from customers that the Insured is unable to collect because of loss or damage to the Insured's accounts receivable records;
  - (b) Interest charges on any loan required to offset amounts the Insured is unable to collect because of loss or damage to the Insured's accounts receivable records, pending the Company's payment of these amounts;
  - (c) Collection expenses in excess of the Insured's normal collection expenses that are made necessary by the loss; and
  - (d) Other reasonable expenses that the Insured incurs to re-establish the Insured's records of Accounts Receivable.
- (2) The following additional exclusions apply to Accounts Receivable:
 

The Company will not pay for loss or damage caused by or resulting from any of the following:

  - (a) Bookkeeping, accounting or billing errors or omissions; and
  - (b) Alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property but only to the extent of such wrongful giving, taking, obtaining or withholding.
- (3) The Company will not pay for loss or damage that requires an audit of records or any inventory computation to prove its factual existence.
- (4) In the event the Insured cannot accurately establish the amount of Accounts Receivable outstanding as of the time of loss, the following method will be used:
  - (a) The Company will determine the total of the average monthly amounts of Accounts Receivable for the 12 months immediately preceding the month in which the loss occurs;
  - (b) The Company will adjust the total for any normal fluctuations in the amounts of Accounts Receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month; and
  - (c) The following will be deducted from the total amount of Accounts Receivable, however that amount is established:
    - (i) The amount of the accounts for which there is no loss;
    - (ii) The amount of the accounts that the Insured is able to re-establish or collect;
    - (iii) An amount to allow for probable bad debts that the Insured is normally unable to collect; and
    - (iv) All unearned interest and service charges.

**e. Valuable Papers and Records**

This insurance applies to loss or damage to Valuable Papers and Records while at or within 1,000 feet of the Insured's premises. Coverage does not apply to Valuable Papers and Records that exist on electronic data processing media.

**f. "Fine Arts"**

This insurance applies to loss or damage to "Fine Arts" while at or within 1,000 feet of the Insured's premises.

**g. Newly Constructed or Acquired Property**

This insurance applies to:

- (1) New buildings while being built on the Insured's premises or on a newly acquired location including materials, equipment, supplies and temporary structures which are at or within 1,000 feet of the premises;
- (2) Buildings newly acquired by the Insured at locations other than the Insured's premises;
- (3) Buildings the Insured becomes newly required to insure under a written contract; and
- (4) Personal Property of a type insured under this policy at or within 1,000 feet of a newly acquired building or a newly acquired location.

Insurance under this Coverage for each newly constructed or acquired property will end when any of the following first occurs:

- (1) This policy is cancelled or expires;
- (2) 120 days expire after the Insured acquires or begins to construct the building(s);
- (3) The Insured reports the new values to the Company; or
- (4) The property is more specifically insured elsewhere.

The Company will charge the Insured additional premium for values reported from the date construction begins or the Insured acquires the property.

**h. "Outdoor Property"**

This insurance applies to "Outdoor Property" at the Insured's premises for loss or damage only by the following Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or civil commotion;
- (5) Vandalism or malicious mischief; or
- (6) Aircraft or vehicles.

This insurance also applies to the necessary and reasonable expense incurred by the Insured to remove debris of "Outdoor Property" at the Insured's premises caused by or resulting from a Covered Cause of Loss listed above that occurs during the policy period. Such expenses will be paid only if reported to the Company in writing within 180 days of the date of direct physical loss or damage. This will not increase the Limit of Insurance that applies to "Outdoor Property".

**i. Personal Effects of Officers and Employees of the Insured**

This insurance applies to the Personal Effects and "Fine Arts" owned by officers, partners or employees of the Insured. Such property must be located at or within 1000 feet of the Insured's premises. Payment for loss or damage to Personal Effects and "Fine Arts" will only be for the account of the owner of the property.

**j. Covered Property At Undescribed Premises**

This insurance applies to:

- (1) Covered Property at an "exhibition" including while in transit to and from the "exhibition" site. Coverage for this property applies worldwide except within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibitions.
- (2) Covered Property that will or has become a permanent part of an installation project being performed for others by the Insured, or on the Insured's behalf, while such property is at the installation premises or at other premises where the property is temporarily stored. Coverage for

this installation property applies only within the Policy Territory and will apply only until the Insured's interest in the property ceases, the installation is accepted, the installation is abandoned, or this policy is cancelled or expires, whichever occurs first.

- (3) Covered Property at any other premises within the Policy Territory which are not otherwise insured under this policy, and which the Insured does not own, lease or regularly operate.

This Coverage does not apply to Personal Effects of Officers and Employees of the Insured.

#### **k. Covered Property in Transit**

This insurance applies to Covered Property in due course of transit at the risk of the Insured between points within the Policy Territory, including inland and coastal waters and air space.

This Coverage will attach when the Covered Property leaves the initial point of shipment and will continue until the property is delivered at its destination. In the event the Covered Property is not deliverable or is rejected by the consignee, such property will be covered while in due course of transit back to the Insured and while temporarily being held by the receiver or carrier awaiting its return to the Insured.

The Company will also pay for:

- (1) Any general average or salvage charges incurred by the Insured as respects losses to waterborne shipments.
- (2) The Insured's contingent interest in shipments sold on a F.O.B. (Free On Board) basis but only in the event that any loss recoverable hereunder is not collectible from the consignee or any other insurance.
- (3) Loss of Covered Property occasioned by the unintentional acceptance of fraudulent bills of lading, shipping receipts or messenger receipts by the Insured or any agent, customer or consignee of the Insured.

This Coverage does not apply to:

- (1) Shipments by a government postal service except by registered mail;
- (2) Any export shipment once the earlier of the following occurs:
  - (a) The shipment is placed on the export conveyance; or
  - (b) Coverage under an Ocean Marine or other insurance policy covering the shipment begins;
- (3) Any import shipment until the later of the following occurs:
  - (a) The shipment is unloaded from the importing vessel or conveyance; or
  - (b) Coverage under an Ocean Marine or other insurance policy covering the shipment ends;
- (4) Theft from a conveyance or container while unattended unless the portion of the conveyance or container containing the Covered Property is fully enclosed and securely locked, and the theft is by forcible entry of which there is visible evidence;
- (5) Property of others for which the Insured is responsible while acting as a common or contract carrier, freight forwarder, freight consolidator, freight broker or public warehouseman; or
- (6) Personal Effects of Officers and Employees of the Insured or to Covered Property in due course of transit to or from an "exhibition".

#### **l. Covered Property Overseas**

The Company will pay for loss or damage to Covered Property while in the custody of any officer or employee of the Insured while temporarily traveling outside of the Policy Territory. But this Coverage does not apply to Covered Property at, or in due course of transit to or from, an "exhibition".

Coverages j. Covered Property At Undescribed Premises, k. Covered Property in Transit and l. Covered Property Overseas are each subject to the applicable Limit of Insurance specified in the Supplemental Coverage Declarations for the coverage, but in no event will the Company pay more for loss or damage to any type of Covered Property than the amount that would have been paid if the loss or damage had occurred at or within 1000 feet of the Insured's premises.

## **2. COVERED COSTS AND EXPENSES**

### **a. Debris Removal**

- (1) The Company will pay the necessary and reasonable expense incurred by the Insured to remove debris of Covered Property, other than "Outdoor Property", caused by or resulting from a Covered Cause of Loss that occurs during the policy period. Such expenses will be paid only if reported to the Company in writing within 180 days of the date of direct physical loss or damage. Coverage for the expense to remove debris of "Outdoor Property" is provided separately under Section B.1.h. of this Coverage Form.
- (2) For this Debris Removal Coverage, the Company will pay up to 25% of:
  - (a) The amount the Company pays for the direct physical loss or damage to the Covered Property; plus
  - (b) The deductible in this policy applicable to that direct physical loss or damage.

This limit is part of and not in addition to the Limit of Insurance that applies to the lost or damaged Covered Property. But if:

- (a) (i) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
  - (ii) The debris removal expense exceeds the above 25% limitation;
 and
- (b) A Limit of Insurance is specified in the Supplemental Coverage Declarations for Debris Removal (additional);

the Company will also pay an additional amount, up to the Limit of Insurance specified in the Supplemental Coverage Declarations for Debris Removal (additional).

- (3) In no event will this Debris Removal Coverage apply to:
  - (a) Costs to extract "pollutants" from land or water; or
  - (b) Costs to remove, restore or replace polluted land or water.

**b. Pollutant Cleanup and Removal**

The Company will pay the necessary and reasonable expense incurred by the Insured to extract "pollutants" from land or water at the Insured's premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a "specified cause of loss" which occurs during the policy period.

Such expenses will be paid only if reported to the Company in writing within 180 days of the date on which the "specified cause of loss" occurs.

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

The most the Company will pay under this Coverage for the sum of all covered expenses arising out of all "specified cause of loss" occurrences that occur during each separate 12 month period of this policy is the Limit of Insurance specified for Pollutant Cleanup and Removal shown in the Supplemental Coverage Declarations.

**c. Claim Data Expense**

The Company will pay the reasonable expenses incurred by the Insured in preparing claim data required by the Company. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss. The Company will not pay for any expenses incurred, directed, or billed by or payable to insurance adjusters or their associates or subsidiaries, or any costs as provided in the General Conditions - Section C. Appraisal.

**d. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, the Company will pay for any fire department service charges incurred by the Insured that are:

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

**e. Fire Protective Equipment Discharge**

If fire protective equipment discharges accidentally or to control a Covered Cause of Loss, the Company will pay the Insured's cost to:

- (1) Refill or recharge the system with the extinguishing agents that were discharged; and
- (2) Replace or repair faulty valves or controls that caused the discharge.

**f. Ordinance or Law**

If a Covered Cause of Loss occurs to Covered Property, the Company will pay for:

- (1) **The loss to the undamaged portion of a covered building** caused by the enforcement of any ordinance or law that:
  - (a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
  - (b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the Insured's premises; and
  - (c) Is in force at the time of loss.

The most the Company will pay for loss or damage under this portion of Ordinance or Law is the Limit of Insurance specified for Ordinance or Law – Undamaged Portion shown in the Supplemental Coverage Declarations.

- (2) **The cost to demolish and clear the site of undamaged parts of the covered building** caused by the enforcement of building, zoning or land use ordinance or law.

The Company will not pay more for loss or damage under this portion of Ordinance or Law than the lesser of:

- (a) The amount the Insured actually spends to demolish and clear the site; or
- (b) The Limit of Insurance specified for Ordinance or Law – Demolition shown in the Supplemental Coverage Declarations.

- (3) **The increased cost to repair, rebuild or construct the Covered Property** caused by enforcement of building, zoning, land use or any other ordinance or law when the Covered Property is insured for replacement cost. If the covered building is repaired or rebuilt, it must be intended for similar occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.

The Company will not pay for increased construction costs until the Covered Property is actually repaired or replaced, at the same location or elsewhere; and unless the repairs or replacement are made as soon as reasonably possible after the loss or damage but not to exceed 2 years. The Company may extend this period in writing during the 2 years.

The most the Company will pay for loss or damage under this portion of Ordinance or Law is the increased cost of construction repair or replacement:

- (a) Of a building of the same size and at the same premises, or another premises if required by the ordinance or law; and
- (b) Limited to the minimum requirements of such ordinance or law regulating the repair or reconstruction of the damaged property on the same site.

not to exceed the Limit of Insurance specified for Ordinance or Law – Increased Cost of Construction shown in the Supplemental Coverage Declarations.

- (4) Ordinance or Law Coverages do not apply to:
  - (a) "Vacant" properties;
  - (b) Any loss due to the Insured's failure to comply with any ordinance or law that the Insured was required to comply with before the loss, even if the Covered Property was undamaged; and
  - (c) Costs associated with the enforcement of any ordinance or law that requires the 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".

**g. Preservation of Property**

If it becomes necessary to move Covered Property from an insured premises to preserve it from loss or damage by a Covered Cause of Loss, the Company will pay for:

- (1) The necessary and reasonable expenses actually incurred by the Insured to remove the Covered Property from an insured premises and to move the Covered Property back to an insured premises; and
- (2) Any direct physical loss or damage to Covered Property while it is being moved from an insured premises, while temporarily stored at another location or while it is being moved back to an insured premises.

However, this Coverage will apply only if the loss or damage occurs within 90 days after the property is first moved and will cease when the policy is amended to provide insurance at the new location, the property is returned to the existing location, or this policy is cancelled or expires, whichever occurs first.

#### **h. Protection of Property**

The Company will pay the necessary and reasonable expenses actually incurred by the Insured to temporarily safeguard Covered Property against the threat of imminent direct physical loss or damage by a "specified cause of loss". This Coverage does not apply to any expenses to which the above Preservation of Property coverage applies.

#### **i. Water, Other Liquids, Powder or Molten Material Damage**

If covered loss or damage caused by or resulting from water or other liquid, powder or molten material damage occurs, the Company 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.

When a Limit of Insurance is specified in the Supplemental Coverage Declarations for Water, Other Liquids, Powder or Molten Material Damage, that Limit of Insurance is the most the Company will pay under this Coverage. Otherwise, this coverage is provided subject to the Limit of Insurance that applies to the covered water or other liquid, powder or molten material damage loss.

### **C. PROPERTY AND COSTS NOT COVERED**

Unless the following property or costs are added by endorsement to this Coverage Form, Covered Property and Covered Costs and Expenses do not include:

1. Currency, deeds or other evidences of debt, money, notes, checks, drafts, or securities;
2. Contraband or property in the course of illegal transportation or trade;
3. Water whether in its natural state or otherwise, above or below ground (except water normally contained in plumbing, the process of manufacture or fire protection equipment) watercourses, aquifers or the cost of reclaiming or restoring water;
4. Land whether in its natural state or otherwise (including land on which the property is located), land improvements, grain, hay straw or other harvested crops while outside of buildings, growing crops or standing timber;
5. The cost of excavations, grading, backfilling or filling;
6. Property sold by the Insured under an installment plan, conditional sale, trust agreement or other deferred payment plan after delivery to the purchasers;
7. Vehicles or self-propelled machines that:
  - (a) Are licensed for use on public roads; or
  - (b) Are operated principally away from the insured premises;
8. Aircraft or watercraft;
9. Live animals or birds;
10. Bulkheads, pilings, piers, wharves, docks, dikes, dams, canals, sea walls or vehicular bridges;
11. Underground tanks, pipes, flues, drains or tunnels, all whether or not connected to buildings, mines or mining property;

12. Any "Electronic Data Processing Data and Media" which is obsolete or unused by the Insured;
13. Property that is covered under another coverage form or endorsement of any other policy in which it is more specifically described, except for the excess of the amount due (whether the Insured can collect on it or not) from that other insurance;
14. Any of the specific types of Covered Property described in Sections B.1.a. through B.1.i. of this Coverage Form for which a Limit of Insurance is not shown in the Supplemental Coverage Declarations; or
15. Any of the following Covered Costs and Expenses for which a Limit of Insurance is not shown in the Supplemental Coverage Declarations:
  - a. Pollutant Clean Up and Removal, as described in Section B.2.b.;
  - b. Claim Data Expense, as described in Section B.2.c.; or
  - c. Ordinance or Law, as described in Section B.2.f.

#### **D. EXCLUSIONS**

1. The Company 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. EARTH MOVEMENT**

- (1) Any earth movement (other than "sinkhole collapse") including earthquake, mine subsidence, landslide, erosion, the expansion or contraction of soil due to the presence of moisture or water, or the lack thereof, and any other earth sinking, rising, shifting or movement, all whether naturally occurring or due to man made or other artificial causes.

But if earth movement results in fire or explosion, the Company will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in "volcanic action" or fire, the Company will pay for the loss or damage caused by that "volcanic action" or fire.

All "volcanic action" that results from all volcanic eruptions or explosions that occur within any 168 consecutive hours period will constitute a single occurrence.

##### **b. FLOOD**

Flood meaning:

- (1) Flood, surface water, underground water, waves, tides, tidal waves, tsunamis, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Release of water impounded by a dam; and
- (4) Water or sewage which backs up through sewers, drains or sumps;

all whether naturally occurring or due to man made or other artificial causes.

This exclusion will not apply to direct loss or damage from resulting fire, explosion or leakage from fire protective equipment; however, the Company will be liable only for such resulting loss or damage.

##### **c. GOVERNMENTAL ACTION**

Seizure or destruction of property by order of governmental authority except as provided for under the Covered Costs and Expenses, Section B.2.f. Ordinance or Law.

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

##### **d. NUCLEAR HAZARD**

Nuclear reaction or radiation, or radioactive contamination however caused.

This exclusion will not apply to direct loss or damage by:

- (1) Fire resulting from nuclear reaction or radiation, or radioactive contamination; or
- (2) Sudden and accidental radioactive contamination, including resultant radiation damage to Covered Property provided:
  - (a) Such radioactive contamination arises out of material at the Insured's premises;
  - (b) Such radioactive material is kept at an Insured's premises for the purpose of the Insured's operations; and
  - (c) At the time of such loss at the Insured's premises there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel which is intended for or which has been used in a nuclear reaction.

But the most the Company will pay for Sudden and Accidental Radioactive Contamination as provided in d. (2)(a), (b) and (c) above is the specified Limit of Insurance shown in the Supplemental Coverage Declarations. This is not additional insurance.

**e. WAR AND MILITARY ACTION**

- (1) Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:
  - (a) By any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces;
  - (b) By military, naval or air forces; or
  - (c) By an agent of any such government, power, authority or forces.
- (2) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.
- (3) Any discharge, explosion or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.

**f. COMPUTER VIRUS**

Computer Virus means intrusive codes or programming that are entered into a computer system causing direct physical loss or damage to, or destruction of, "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media".

This exclusion will not apply in the event the Computer Virus results in a "specified cause of loss"; however, the Company will be liable only for such resulting loss or damage.

**g. PROGRAMMING ERRORS OR OMISSIONS**

Programming errors, omissions or incorrect instructions to a machine.

This exclusion will not apply in the event Programming errors, omissions or incorrect instructions to a machine results in a "specified cause of loss", however, the Company will be liable only for such resulting loss or damage.

**h. ORDINANCE OR LAW**

The enforcement of any ordinance or law:

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

except as provided in the Covered Costs and Expenses, item B.2.f. Ordinance or Law.

The Ordinance or Law exclusion applies whether the loss results from an ordinance or law that is enforced even if the property has not been damaged; or from the increased costs incurred to comply with an ordinance or law in the course of construction, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

**i. OFF PREMISES UTILITY SERVICES**

The interruption, failure or fluctuation of power or other utility service(s) provided to an insured premises if the cause of the interruption, failure or fluctuation occurs off an insured premises.

This exclusion will not apply in the event the interruption, failure or fluctuation of power or other utility service(s) results in a Covered Cause of Loss; however, the Company will be liable only for such resulting loss or damage.

**j. COLLAPSE OF BUILDINGS**

Collapse of buildings meaning an abrupt falling down or caving in of a building or substantial portion of a building with the result being that the building or substantial portion of a building cannot be occupied for its intended purpose.

- (1) This exclusion will not apply to collapse of buildings if the collapse is caused by one or more of the following:
- (a) A "specified cause of loss";
  - (b) Decay or insect or vermin damage that is hidden from view, unless the presence of such decay or insect or vermin damage is known to the Insured prior to collapse;
  - (c) Weight of people or personal property;
  - (d) Weight of rain that collects on a roof;
  - (e) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after the construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in j.(1)(a) through (d) above, the Company will be liable for loss or damage caused by the collapse even if use of defective material or methods in construction, remodeling or renovation contributes to the collapse.

In the event collapse results in a Covered Cause of Loss, the Company will be liable only for such resulting loss or damage by that Covered Cause of Loss.

- (2) A building or portion of a building that:
- (a) Is in imminent danger of abruptly falling down or caving in; or
  - (b) Suffers a substantial impairment of structural integrity;
- is not considered a collapse but is considered to be in a state of imminent collapse.
- (3) As respects buildings in a state of imminent collapse, the Company will not pay for loss or damage unless the state of imminent collapse first manifests itself during the policy period and is caused only by one or more of the following which occurs during the policy period:
- (a) Fire; lightning; explosion; windstorm or hail; aircraft or vehicles; riot or civil commotion; "sinkhole collapse"; weight of snow, ice or sleet;
  - (b) Weight of people or personal property;
  - (c) Weight of rain that collects on a roof; or
  - (d) Use of defective material or methods in construction, remodeling or renovation if the state of imminent collapse occurs during the course of construction, remodeling or renovation.

As respects "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media", only exclusions D.1.a. through g. and D.1.i. apply. As respects Accounts Receivable, and Valuable Papers and Records, only exclusions D.1.a. through g. apply. As respects Property in the due course of transit, Exclusions D.1.a. and D.1.b. do not apply.

2. The Company will not pay for loss or damage caused by or resulting from any of the following:
- a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, equipment, appliances or wires.  
  
But in the event artificially generated electric current results in fire or explosion, the Company will be liable only for such resulting loss or damage.
  - b. Indirect or remote loss or damage; delay, loss of use or loss of market; or interruption of business;
  - c. (1) Wear and tear or depletion;  
(2) Rust, corrosion, erosion, fungus, decay, deterioration, wet or dry rot, mold, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;

- (3) Settling, cracking, shrinking, bulging or expansion;
- (4) Nesting or infestation or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (5) Mechanical or machinery breakdown, including rupture or bursting caused by centrifugal force; and
- (6) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere;
  - (b) Changes in or extremes of temperature;
  - (c) Changes in flavor, color, texture or finish; and
  - (d) Contamination, evaporation or leakage.

However, in the event an excluded cause of loss that is listed in 2.c. (1) through (6) above results in a "specified cause of loss", the Company will pay for the loss or damage caused by that "specified cause of loss".

- d. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by the Insured, or operated under the Insured's control. But if explosion of steam boilers, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, the Company will pay for loss or damage caused by that fire or combustion explosion. The Company will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- e. Dishonest or criminal act by the Insured, any of the Insured's partners, employees (including leased employees), directors, trustees, authorized representatives or anyone (other than a carrier for hire or bailee) to whom the Insured entrusts the property for any purpose:
  - (1) Acting alone or in collusion with others; and
  - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by the Insured's employees, (including leased employees) but theft by the Insured's employees (including leased employees) is not covered.
- f. Rain, snow, sand, dust, ice, or sleet to personal property in the open (other than to property in the custody of a carrier for hire).
- g. The cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested or otherwise being worked upon.
- h. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a "specified cause of loss". But in the event the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", the Company will be liable only for such resulting loss or damage caused by that "specified cause of loss".
- i. Voluntary parting with any property by the Insured or anyone else to whom the Insured has entrusted the property.
- j. Accumulated effects of smog, smoke, vapor, liquid or dust.
- k. If the building or leased premises where loss or damage has occurred has been "vacant" for more than 60 consecutive days before that loss or damage occurs, the Company will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
  - (1) Vandalism;
  - (2) Sprinkler leakage;
  - (3) Building glass breakage;
  - (4) Water damage;
  - (5) Theft; or
  - (6) Attempted theft.

Buildings under construction or renovation are not considered "vacant".

- l. Continuous or repeated seepage, leakage or flow of water that occurs over a period of 14 days or more.
- m. Shortage disclosed by audit or upon taking inventory or by a profit and loss statement or other instances where there is no physical evidence to show what happened to the property.

As respects Accounts Receivable, Valuable Papers and Records, "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media" only the following exclusions in Section D.2 apply:

- (1) Exclusions c. (1), c. (6) (a) and c. (6) (b); but if mechanical breakdown not otherwise excluded results, the Company will pay for that resulting loss or damage by mechanical breakdown; and
  - (2) Exclusions b., e., g., i. and m.
3. The Company will not pay for loss or damage caused by or resulting from any of the following:
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in D.1 above to produce the loss or damage.  
 However, in the event weather conditions, as excluded above, result in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.  
 However, in the event an act or decision or the failure to act or decide, as excluded above, results in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss.
  - c. Faulty, inadequate or defective:
    - (1) Planning, zoning, development, surveying, siting;
    - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3) Materials used in repair, construction, renovation or remodeling; or
    - (4) Maintenance;
 of part or all of any property on or off an insured premises.  
 However, in the event an excluded cause of loss that is listed in 3.c.(1) through 3.c.(4) above results in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss. But the Company will not be liable for:
    - (a) Any cost of correcting or making good the fault, inadequacy or defect itself, except as provided for fire extinguishing equipment under LIMITATION E.3. below; or
    - (b) Any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect, except as specifically provided under the Water, Other Liquids, Powder or Molten Material Damage coverage in Section B.2.i. of this Coverage Form; or
    - (c) Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

## E. LIMITATIONS

1. The Company will not pay for loss of or damage to property, as described and limited in this section. In addition, the Company 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 the Company 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 explosion.
2. As respects furs, fur garments and garments trimmed with fur, jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals, the most the Company will pay for loss or damage by theft, regardless of the types or number of articles that are lost or damaged is \$50,000.
3. The Company 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 the Company will pay the cost to repair or replace damaged parts of the fire extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protections system; or
- b. Is directly caused by freezing.

#### F. DEDUCTIBLES

When a deductible(s) is shown in the Supplemental Coverage Declarations, refer to Section B. Application of Deductibles in the General Conditions.

#### G. DEFINITIONS

1. **“Electronic Data Processing Data and Media”** means:

- (a) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells, or similar magnetic recording or storage devices;
- (b) Data stored on such media; and
- (c) Original programming materials used to enter data and/or program media.

2. **“Electronic Data Processing Equipment”** means electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment, laptop and portable computers; related surge protection devices; and their component parts and peripherals used solely for data processing operations.

3. **“Exhibition”** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location not owned or regularly occupied by the Insured.

4. **“Fine Arts”** means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value, or artistic merit.

5. **“Finished Stock”** means goods manufactured by the Insured that in the ordinary course of the Insured’s business are in their completed state and ready for sale.

“Finished Stock” does not include goods manufactured by the Insured that are held for sale on the premises of any retail outlet insured under this Coverage Form.

6. **“Outdoor Property”** means retaining walls not part of a building, lawns (including fairways, greens and tees), trees, shrubs, plants, bridges (excluding vehicular bridges), walks, roadways, patios or other paved surfaces.

7. **“Pollutants”** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthy or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.

8. **“Raw Stock”** means material in the state in which the Insured receives it for conversion by the Insured into “Stock in Process” or “Finished Stock”.

9. **“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:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man made underground cavities.

10. **“Specified Cause of Loss”** means any of 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; or water damage.

- a. Falling objects does not include loss or damage to:
  - (1) Personal property in the open; or
  - (2) The interior of a building, or property inside a building, unless the roof or an outside wall of the building is first damaged by a falling object.

- b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
11. **"Stock"** means merchandise held in storage or for sale, "Raw Stock", "Stock in Process" or "Finished Stock" including supplies used in their packing or shipping.
12. **"Stock in Process"** means "raw stock" which has undergone any aging, seasoning, mechanical or other process of manufacturing but which has not become "finished stock".
13. **"Vacant"** means the following:
- a. When the Insured is the owner or general lessee of a building, vacant means 70% or more of the square footage of the entire building is not:
    - (1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; or
    - (2) Used by the building owner to conduct customary operations.
  - b. With respect to a unit or suite that is owned, rented or leased to the Insured, and not within a building to which a. above applies, vacant means the unit or suite does not contain enough Business Personal Property to conduct customary operations.
14. **"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.

"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 Covered Property.

## BUSINESS INCOME COVERAGE FORM EXCLUDING EXTRA EXPENSE

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Words and phrases that appear in quotation marks have special meaning; refer to Section G., Definitions in this form and to Section G., Definitions in the Property Coverage Form.

### A. COVERAGE

The Company will pay for the actual loss of Business Income and/or Rental Value sustained by the Insured due to the necessary "suspension" of the Insured's "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage to property, including personal property in the open (or in a vehicle) within 1,000 feet, at the Insured's premises:

- Which are described in the most recent Statement of Values or Business Income Work Sheet(s) or other documentation on file with the Company; and
- For which a value for the exposure at the premises to which this form applies has been reported.

The loss or damage must be caused by or result from a Covered Cause of Loss. Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section C., Exclusions; limited in Section D., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsement.

Coverage is provided as described below only when a Limit of Insurance is shown for the specified coverage in the Supplemental Coverage Declarations.

#### 1. Business Income

Business Income means the Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred by the Insured; and continuing normal operating expenses incurred by the Insured. But Business Income does not include Rental Value.

Continuing normal operating expenses incurred by the Insured exclude "ordinary payroll expenses" except when "ordinary payroll expenses" are either included or limited to a specified number of days as indicated on the Supplemental Coverage Declarations. If limited, the number of consecutive days during which coverage for "ordinary payroll expenses" applies may be used in two separate periods during the "period of restoration". The Company will also pay for those continuing fixed charges and expenses, excluding "ordinary payroll expenses" (unless otherwise included or limited), directly attributable to "research and development" activities even if the activities would not have produced income during the "period of restoration".

#### 2. Rental Value

Rental Value means the:

- a. Total anticipated rental income;
- b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be the obligation of the Insured; and
- c. Fair rental value of any portion of the Insured's premises that is occupied by the Insured;

less any operating expenses that do not continue from tenant occupancy of the premises as furnished and equipped by the Insured.

**B. ADDITIONAL COVERAGE EXTENSIONS** – Each of the following Additional Coverage Extensions applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations except for items 1., 2. and 7. which do not require a specific Limit of Insurance to be shown:

#### 1. Civil Authority

The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured caused by the action of civil authority that prohibits access to the Insured's premises due to direct physical loss or damage to property, other than at the Insured's premises, caused by or resulting from a Covered Cause of Loss.

Coverage for Business Income and/or Rental Value will begin 72 hours after the time of the civil authority action and will then apply for a period of up to 30 consecutive days. No other hour deductible applicable to Business Income and/or Rental Value applies to this coverage.

#### 2. Extended Business Income or Rental Value

If the necessary "suspension" of the Insured's "operations" produces a Business Income or Rental Value loss payable under this policy, the insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured during the period that:

- a. Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed or tenantability is restored; and
- b. Ends on the earlier of:
  - (1) The date the Insured could restore "operations", with reasonable speed, to the level which would generate the Business Income amount or Rental Value amount that would have existed if no direct physical loss or damage had occurred; or
  - (2) 60 consecutive days after the date determined in 2.a. above.

However, this Additional Coverage Extension does not apply to loss of Business Income or Rental Value incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the Insured's premises are located.

Loss of Business Income or Rental Value must be caused by direct physical loss or damage to property at the Insured's premises, the premises of a "dependent property", newly acquired premises or undescribed premises, all only as insured under this coverage form, caused by or resulting from a Covered Cause of Loss.

The expiration date of this policy will not cut short the extended Business Income or Rental Value period of coverage.

### 3. "Dependent Property"

The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property at the premises of a "dependent property" within the Policy Territory.

This Additional Coverage Extension does not apply to "dependent property" for which the Insured has more specific insurance either under this policy or another.

### 4. Ordinance or Law – Increased "Period of Restoration"

- a. If a Covered Cause of Loss occurs to property at the Insured's premises, the "period of restoration" is increased to include the additional period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:
  - (1) Regulates the construction, repair or replacement of any property;
  - (2) Requires the tearing down or replacement of any parts of property not damaged by a Covered Cause of Loss; and
  - (3) Is in force at the time of loss.
- b. Insurance under this Additional Coverage Extension applies only to the increased period required to repair or replace the property to comply with the minimum requirements of the ordinance or law.
- c. Under this Additional Coverage Extension, the Company will not pay for:
  - (1) Any loss due to any ordinance or law that:
    - (a) The Insured was required to comply with before the loss, even if the property was undamaged; and
    - (b) The Insured failed to comply with.
  - (2) 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".

### 5. Newly Acquired Premises

- a. The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property within the Policy Territory at any:
  - (1) Premises newly acquired by the Insured; and
  - (2) Premises the Insured becomes newly required to insure under a written contract.
- b. Insurance under this Additional Coverage Extension for each premises will end when any of the following first occurs:
  - (1) This policy is cancelled or expires;

- (2) 120 days expire after the Insured acquires or begins to construct the property or is required to insure the property;
  - (3) The Insured reports the new premises to the Company; or
  - (4) The Business Income or Rental Value is more specifically insured elsewhere.
- c. The Company will charge the Insured additional premium for values reported from the date the Insured acquires the property or is required to insure the property.

#### **6. Undescribed Premises**

The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to the Covered Property, as described in the Property Coverage Form, while at an Undescribed Premises. Undescribed Premises means premises not owned, leased or regularly operated by the Insured. Covered Property at an Undescribed Premises does not include:

- a. Property at the premises of "dependent property";
- b. Property in due course of transit; or
- c. Property at any premises outside of the Policy Territory. But this exclusion does not apply to Covered Property at an "exhibition", unless the "exhibition" is within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibitions.

#### **7. Expenses to Reduce Loss**

The Company will pay reasonable and necessary expenses incurred by the Insured, except the cost of extinguishing a fire, to reduce the amount of loss under this coverage form. The total of the Company's payment for Business Income or Rental Value loss and Expenses to Reduce Loss will not be more than the Business Income or Rental Value loss that would have been payable under this coverage form (after application of any Coinsurance penalty) if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance for either Business Income or Rental Value. If a Coinsurance Endorsement is attached to this policy, it does not apply specifically to such Expenses to Reduce Loss, but it is used as described above to determine the aggregate amount payable.

#### **8. Claim Data Expense**

This insurance applies to the reasonable expenses incurred by the Insured in preparing claim data when required by the Company. This includes the cost of preparing income statements and other documentation to show the extent of loss. The Company will not pay for any expenses incurred, directed, or billed by or payable to insurance adjusters or their associates or subsidiaries, or any costs as provided in General Conditions - Section C. Appraisal.

### **C. EXCLUSIONS**

1. All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except:
  - a. Exclusion 1.h., Ordinance or Law, is amended by the addition of the following:  
This exclusion does not apply to the Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension.
  - b. Exclusion 1.i., Off Premises Utility Services, is replaced by the following:  
The interruption, failure or fluctuation of power or other utility service(s) provided to the insured premises if the cause of the interruption, failure or fluctuation occurs outside a building at the Insured's premises.  
  
This exclusion will not apply in the event the interruption, failure or fluctuation of power or other utility service(s) results in a Covered Cause of Loss; however, the Company will be liable only for such resulting loss.
  - c. Exclusion 2.b., Indirect or remote loss or damage; delay, loss of use or loss of market; or interruption of business, does not apply to the extent coverage is specifically provided under this coverage form.
2. In addition, the Company will not pay for:
  - a. Any loss caused by or resulting from:

- (1) Damage or destruction of "finished stock"; or
- (2) The time required to reproduce "finished stock".
- b. Any loss caused by or resulting from direct physical loss or damage to outdoor trees, shrubs, plants or lawns (including fairways, greens and tees); growing crops; standing timber; land; water; or radio or television antennas (including microwave satellite dishes), and their lead-in wiring, masts or towers.
- c. Any loss or damage to property while in due course of transit.
- d. Any increase of loss caused by or resulting from:
  - (1) Delay in rebuilding, repairing or replacing the property or resuming "operations" due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (2) Any license, lease or contract which is suspended, lapses or is cancelled. But if the license, lease or contract is suspended, lapses or is cancelled as the direct result of the "suspension" of "operations", the Company will cover such loss that affects the Insured's Business Income or Rental Value during the "period of restoration" and the period of Extended Business Income or Rental Value.
- e. Any extra expense, except as provided in the Expenses to Reduce Loss Additional Coverage Extension.
- f. Any other consequential loss.

#### **D. LIMITATIONS**

Under Section E. of the Property Coverage Form, Limitation 2., which limits the amount the Company will pay for theft loss to specified types of personal property, does not apply to this coverage form. All other limitations contained in Section E. of the Property Coverage Form apply to this coverage form. In addition, the following limitation applies:

##### **Limitation – "Electronic Data Processing Data and Media"**

The Company will not pay for any loss of Business Income or Rental Value caused by direct physical loss or damage to "Electronic Data Processing Data and Media" after the longer of:

- 1. 60 consecutive days from the date of direct physical loss or damage; or
- 2. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the insured premises which suffered loss or damage in the same occurrence.

#### **E. DEDUCTIBLES**

When a deductible(s) is shown in the Supplemental Coverage Declarations, refer to Section B. Application of Deductibles in the General Conditions.

#### **F. ADDITIONAL CONDITION**

The following condition applies in addition to the conditions contained in the General Conditions.

##### **Loss Determination**

- 1. The amount of Business Income or Rental Value loss will be determined based on:
  - a. The Net Income or Rental Value of the business before the direct physical loss or damage occurred;
  - b. The likely Net Income or Rental Value of the business if no direct physical loss or damage occurred, but not including any likely increase in Net Income or Rental Value attributable to an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - c. The operating expenses, including "ordinary payroll expenses" to the extent insured, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
  - d. Other relevant sources of information, including:
    - (1) The financial records and accounting procedures of the Insured;
    - (2) Bills, invoices and other vouchers; and
    - (3) Deeds, liens, contracts or leases.
- 2. The Company will reduce the amount of the Insured's Business Income or Rental Value loss, to the extent the Insured can resume "operations" in whole or in part, by using:
  - a. Damaged or undamaged property (including merchandise or stock) at the Insured's premises or elsewhere; or

- b. Any other available sources of materials or outlets for the Insured's products.
- 3. If the Insured intends to continue the Insured's business, the Insured must resume "operations", in whole or in part, as quickly as possible. If the Insured does not resume "operations", or does not resume "operations" as quickly as possible, the Company will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

## G. DEFINITIONS

The following definitions are in addition to those contained in the Property Coverage Form:

1. **"Dependent Property"** means property operated by others that the Insured depends on to:
  - a. Supply materials or services to the Insured, or to others for the account of the Insured (Contributing Locations). With respect to Contributing Locations, services do not mean utility services including but not limited to water supply services, communication supply services, or power supply services supplying electricity, steam or gas;
  - b. Accept the Insured's products or services (Recipient Locations);
  - c. Manufacture products for delivery to the Insured's customers under contract of sale (Manufacturing Locations); or
  - d. Attract customers to the Insured's business (Leader Locations).
2. **"Exhibition"** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location not owned or regularly occupied by the insured.
3. **"Operations"** means:
  - a. The Insured's business activities occurring at the Insured's premises; and
  - b. The tenantability of the Insured's premises when coverage for Rental Value applies.
4. **"Ordinary Payroll Expenses"** means payroll expenses for all employees of the Insured except: Officers; Executives; Department managers; Employees under contract; and any Additional Exemptions for which coverage is added by endorsement for specific Job Classifications or Employees.
 

"Ordinary payroll expenses" include:

  - a. Payroll;
  - b. Employee benefits, if directly related to payroll;
  - c. FICA and Medicare payments;
  - d. Union dues; and
  - e. Worker's compensation premiums.
5. **"Period of Restoration"**
  - a. Except as provided in paragraphs b. and c. below, "period of restoration" means the period of time that:
    - (1) Begins with the date and time of direct physical loss or damage to property at the insured premises caused by or resulting from a Covered Cause of Loss; and
    - (2) Ends on the earlier of the following:
      - (a) The date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
      - (b) The date when business is resumed at a new permanent location.
  - b. If:
    - (1) The direct physical loss or damage by a Covered Cause of Loss is to any of the following property at premises to which this insurance applies:
      - (a) New buildings or structures, whether complete or under construction;
      - (b) Alterations or additions to existing buildings or structures; or
      - (c) Machinery, equipment, supplies or building materials on or within 1000 feet of the premises that are used in the construction, alterations or additions, or incidental to the occupancy of the buildings;
 and
    - (2) Such direct physical loss or damage delays the start of "operations";

- the "period of restoration" for Business Income or Rental Value will be the same length of time provided in a. above, but will not begin until the date when "operations" would have begun if the direct physical loss or damage had not occurred.
- c. When a number of hours is shown in the deductible item in the Supplemental Coverage Declarations for Business Income or Rental Value, the "period of restoration" will not begin until that number of hours immediately following the date and time the "period of restoration" would otherwise have begun, as described in a. and b. above.
  - d. "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
    - (1) Regulates the construction, use, repair or replacement, or requires the tearing down of any property, except as provided under the Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension; or
    - (2) Requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess, the effects of "pollutants".
  - e. The expiration date of this policy will not cut short the "period of restoration".
6. **"Research and Development"** means the development of new products and enhancements of existing products. "Research and development" does not mean the maintenance of existing products.
7. **"Suspension"** means:
- a. The partial or complete cessation of the Insured's business "operations"; or
  - b. That a part or all of the insured premises is rendered untenable, if coverage for Rental Value is provided.

## EXTRA EXPENSE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Words and phrases that appear in quotation marks have special meaning; refer to Section F., Definitions in this form and to Section G., Definitions in the Property Coverage Form.

### A. COVERAGE

The Company will pay the actual reasonable and necessary Extra Expense sustained by the Insured during the "period of restoration" due to direct physical loss or damage to property, including personal property in the open (or in a vehicle) within 1,000 feet, at the Insured's premises:

- Which are described in the most recent Statement of Values or other documentation on file with the Company; and
- For which a value for the exposure at the premises to which this form applies has been reported.

The loss or damage must be caused by or result from a Covered Cause of Loss. Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section C., Exclusions; limited in Section D., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsement.

Coverage is provided as described below only when a Limit of Insurance is shown for Extra Expense in the Supplemental Coverage Declarations.

#### Extra Expense

Extra Expense means the following expenses the Insured incurs that the Insured would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss:

1. Reasonable and necessary expenses to avoid or minimize the "suspension" of business and to continue "operations":
  - a. At the Insured's premises; or
  - b. At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary locations;
2. Reasonable and necessary expenses to minimize the "suspension" of business if the Insured can not continue "operations"; and
3. Reasonable and necessary expenses to:
  - a. Repair or replace any property; or
  - b. Research, replace or restore the lost information on damaged valuable papers and records; to the extent they reduce the amount of loss that otherwise would have been payable under this coverage form.

**B. ADDITIONAL COVERAGE EXTENSIONS** – Each of the following Additional Coverage Extensions applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations except for item 1. which does not require a specific Limit of Insurance to be shown:

#### 1. Civil Authority

The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured caused by the action of civil authority that prohibits access to the Insured's premises due to direct physical loss or damage to property, other than at the Insured's premises, caused by or resulting from a Covered Cause of Loss.

Coverage for Extra Expense will begin immediately after the action of the civil authority and will end 30 days after the date of the civil authority action.

#### 2. "Dependent Property"

The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property at the premises of a "dependent property" within the Policy Territory.

This Additional Coverage Extension does not apply to "dependent property" for which the Insured has more specific insurance either under this policy or another.

**3. Ordinance or Law – “Increased Period of Restoration”**

- a. If a Covered Cause of Loss occurs to property at the Insured’s premises, the “period of restoration” is increased to include the additional period of “suspension” of “operations” caused by or resulting from the enforcement of any ordinance or law that:
  - (1) Regulates the construction, repair or replacement of any property;
  - (2) Requires the tearing down or replacement of any parts of property not damaged by a Covered Cause of Loss; and
  - (3) Is in force at the time of loss.
- b. Insurance under this Additional Coverage Extension applies only to the increased period required to repair or replace the property to comply with the minimum requirements of the ordinance or law.
- c. Under this Additional Coverage Extension, the Company will not pay for:
  - (1) Any loss due to any ordinance or law that:
    - (a) The Insured was required to comply with before the loss, even if the property was undamaged; and
    - (b) The Insured failed to comply with.
  - (2) 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”.

**4. Newly Acquired Premises**

- a. The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured during the “period of restoration” due to direct physical loss or damage by a Covered Cause of Loss to property within the Policy Territory at any:
  - (1) Premises newly acquired by the Insured; and
  - (2) Premises the Insured becomes newly required to insure under a written contract.
- b. Insurance under this Additional Coverage Extension for each premises will end when any of the following first occurs:
  - (1) This policy is cancelled or expires;
  - (2) 120 days expire after the Insured acquires or begins to construct the property or is required to insure the property;
  - (3) The Insured reports the new premises to the Company; or
  - (4) The Extra Expense is more specifically insured elsewhere.
- c. The Company will charge the Insured additional premium for values reported from the date the Insured acquires the property or is required to insure the property.

**5. Undescribed Premises**

The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured during the “period of restoration” due to direct physical loss or damage by a Covered Cause of Loss to the Covered Property, as described in the Property Coverage Form, while at an Undescribed Premises. Undescribed Premises means premises not owned, leased or regularly operated by the Insured. Covered Property at an Undescribed Premises does not include:

- a. Property at the premises of “dependent property”;
- b. Property in due course of transit; or
- c. Property at any premises outside of the Policy Territory. But this exclusion does not apply to Covered Property at an “exhibition”, unless the “exhibition” is within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibitions.

**6. Claim Data Expense**

This insurance applies to the reasonable expenses incurred by the Insured in preparing claim data when required by the Company. This includes the cost of preparing statements and other documentation to show the extent of the loss. The Company will not pay for any expenses incurred, directed or billed by or payable to insurance adjusters or their associates or subsidiaries, or any costs as provided in General Conditions - Section C. Appraisal.

**C. EXCLUSIONS**

1. All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except:
  - a. Exclusion 1.h., Ordinance or Law, is amended by the addition of the following:  
This exclusion does not apply to the Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension.
  - b. Exclusion 1.i., Off Premises Utility Services, is replaced by the following:  
The interruption, failure or fluctuation of power or other utility service(s) provided to the insured premises if the cause of the interruption, failure or fluctuation occurs outside a building at the Insured's premises.  
  
This exclusion will not apply in the event the interruption, failure or fluctuation of power or other utility service(s) results in a Covered Cause of Loss; however, the Company will be liable only for such resulting loss.
  - c. Exclusion 2.b., Indirect or remote loss or damage; delay, loss of use or loss of market; or interruption of business, does not apply to the extent coverage is specifically provided under this coverage form.
2. In addition, the Company will not pay for:
  - a. Any loss caused by or resulting from direct physical loss or damage to outdoor trees, shrubs, plants or lawns (including fairways, greens and tees); growing crops; standing timber; land; water; or radio or television antennas (including microwave satellite dishes), and their lead-in wiring, masts or towers.
  - b. Any loss or damage to property while in due course of transit.
  - c. Any increase of loss caused by or resulting from 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.
  - d. Any Extra Expense caused by or resulting from any suspended, lapsed or cancelled license, lease or contract beyond the "period of restoration".
  - e. Any other consequential loss.

#### **D. LIMITATIONS**

Under Section E. of the Property Coverage Form, Limitation 2., which limits the amount the Company will pay for theft loss to specified types of personal property, does not apply to this coverage form. All other limitations contained in Section E. of the Property Coverage Form apply to this coverage form.

#### **E. ADDITIONAL CONDITION**

The following condition applies in addition to the conditions contained in the General Conditions.

##### **Loss Determination**

1. The amount of Extra Expense will be determined based on:
  - a. All reasonable and necessary expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. The Company will deduct from the total of such expenses:
    - (1) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
    - (2) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
  - b. All necessary expenses that reduce the Extra Expense otherwise incurred.
2. The Company will reduce the amount of the Insured's Extra Expense loss to the extent the Insured can return "operations" to normal and discontinue such Extra Expense.
3. If the Insured intends to continue the Insured's business, the Insured must resume all or part of the Insured's "operations" as quickly as possible. If the Insured does not resume "operations", or does not resume "operations" as quickly as possible, the Company will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

#### **F. DEFINITIONS**

The following definitions are in addition to those contained in the Property Coverage Form:

1. **“Dependent Property”** means property operated by others that the Insured depends on to:
  - a. Supply materials or services to the Insured, or to others for the account of the Insured (Contributing Locations). With respect to Contributing Locations, services do not mean utility services including but not limited to water supply services, communication supply services, or power supply services supplying electricity, steam or gas;
  - b. Accept the Insured’s products or services (Recipient Locations);
  - c. Manufacture products for delivery to the Insured’s customers under contract of sale (Manufacturing Locations); or
  - d. Attract customers to the Insured’s business (Leader Locations).
2. **“Exhibition”** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location not owned or regularly occupied by the insured.
3. **“Operations”** means the Insured’s business activities occurring at the Insured’s premises.
4. **“Period of Restoration”** means the period of time that:
  - a. Begins with the date and time of direct physical loss or damage to property at the insured premises caused by or resulting from a Covered Cause of Loss; and
  - b. Ends on the earlier of the following:
    - (1) The date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (2) The date when business is resumed at a new permanent location.
  - c. “Period of restoration” does not include any increased period required due to the enforcement of any ordinance or law that:
    - (1) Regulates the construction, use, repair or replacement, or requires the tearing down of any property, except as provided under the Ordinance or Law – Increased “Period of Restoration” Additional Coverage Extension; or
    - (2) Requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess, the effects of “pollutants”.
  - d. The expiration date of this policy will not cut short the “period of restoration”.
5. **“Suspension”** means the partial or complete cessation of the Insured’s business “operations”.

## LEASEHOLD INTEREST 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. Words and phrases that appear in quotation marks have special meaning; refer to Section F., Definitions in this form and Section G. Definitions in the Property Coverage Form.

### A. COVERAGE

The Company will pay for loss of Covered Leasehold Interest the Insured sustains due to the cancellation of the Insured's lease by the Insured's landlord, in accordance with the conditions of the lease. The cancellation must result from direct physical loss or damage to property at the location of the Insured's leased premises:

- Described in the most recent Statement of Values or other documentation on file with the Company; and
- For which a value for the Leasehold Interest exposure has been reported.

The loss or damage must be caused by or result from a Covered Cause of Loss.

#### 1. Covered Leasehold Interest

Covered Leasehold Interest means:

- a. The Insured's Lease Interest, meaning the difference between:

- (1) (a) The monthly rental value of the Insured's premises; or
- (b) The rent the Insured will pay under a new lease arrangement if the Insured's lease is cancelled and later renewed at a higher rent;

and

- (2) The actual rent the Insured pays for the Insured's premises, including taxes, insurance and janitorial or other service that the insured pays for as part of the lease;

for the remainder of the term of the lease.

- b. Rental Profit, meaning the profit the Insured would have earned from sublease arrangements for the remainder of the sublease agreement or lease, whichever is shorter.
- c. Bonus Payments, meaning the unamortized portion of any cash bonus the Insured paid to acquire the lease that will not be refunded to the Insured. But Bonus Payments do not include rent or security payments.
- d. Prepaid Rent, meaning the unamortized portion of any advance rent the Insured has paid that will not be refunded to the Insured. But Prepaid Rent does not include the customary rent due at the beginning of any monthly or other rental period.
- e. Improvements and Betterments, meaning the unamortized portion of payments made by the Insured for improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (1) Made a part of the building or structure the Insured occupies but does not own; and
  - (2) Acquired or made at the Insured's expense but which the Insured is not permitted to remove.

This coverage for improvements and betterments does not apply to the value of improvements and betterments recoverable under any other insurance, but the Company will pay for amounts in excess of such other insurance.

#### 2. Covered Cause of Loss

Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section B., Exclusions; limited in Section C., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsements.

### B. EXCLUSIONS

1. All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except as follows:

a. Exclusion 1.h., Ordinance or Law does not apply.

b. Exclusion 2.k. is replaced by the following:

If any of the Insured's premises for which the lease is cancelled has been vacant for more than 60 consecutive days before the direct physical loss or damage that results in the lease cancellation occurs, and:

(1) The Insured has not entered into an agreement to sublease the premises as of the time of the direct physical loss or damage, the Company will not pay for any loss of Covered Leasehold Interest.

(2) The Insured has entered into an agreement to sublease the premises prior to the time of the direct physical loss or damage, the Company will not pay for any loss of Covered Leasehold Interest if the cause of the direct physical loss or damage is any of the following, even if they are Covered Causes of Loss:

- (a) Vandalism;
- (b) Sprinkler leakage;
- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.

The Insured's leased premises are considered vacant when they do not contain enough business personal property to conduct customary operations. Leased buildings, units or suites under construction or renovation are not considered vacant.

2. In addition, The Company will not pay for loss under this coverage form caused by:

- a. The Insured canceling the lease;
- b. The suspension, lapse or cancellation of any license; or
- c. Any other consequential loss.

### C. LIMITATIONS

Under Section E. of the Property Coverage Form, only Limitation 1. applies to this coverage form.

### D. LIMITS OF INSURANCE

Section O. Limits of Insurance in the General Conditions is amended by the addition of the following:

The most the Company will pay for all loss under the Leasehold Interest Coverage Form in any one occurrence is the Limit of Insurance specified for Leasehold Interest shown in the Supplemental Coverage Declarations.

Subject to the Leasehold Interest Limit of Insurance, the most the Company will pay for:

1. The Insured's Lease Interest is the sum of:

a. The difference between:

(1) (a) The monthly rental value of the Insured's premises; or

(b) The rent the Insured will pay under a new lease arrangement if the Insured's lease is cancelled and later renewed at a higher rent;

and

(2) The actual monthly rent the Insured pays for the Insured's premises, including taxes, insurance and janitorial or other service that the insured pays for as part of the lease;

without discount, for each of the first three months of the unexpired term of the lease; plus

b. The "present value" of the difference between:

(1) (a) The monthly rental value of the Insured's premises; or

(b) The rent the Insured will pay under a new lease arrangement if the Insured's lease is cancelled and later renewed at a higher rent;

and

(2) The actual monthly rent the Insured pays for the Insured's premises, including taxes, insurance and janitorial or other service that the insured pays for as part of the lease;

for each remaining month in the unexpired term of the lease in excess of three months.

2. Rental Profits is the "present value" of the actual loss of rental profits from sublease arrangements which the Insured incurs for the remainder of the sublease agreement or the lease, whichever is shorter.

3. Bonus Payments, Prepaid Rent and Improvements and Betterments will each be determined as follows:

a. Divide the Insured's original costs by the number of months left in the Insured's lease at the time of the expenditures;

b. Multiply the amount determined in a. above by the number of months remaining in the Insured's lease at the time the Insured's lease is cancelled.

But if the Insured's lease is cancelled and later renewed, the Company will not pay more than the actual loss sustained by the Insured.

#### **E. DEDUCTIBLE**

When a deductible(s) is shown in the Supplemental Coverage Declarations, refer to Section B. Application of Deductibles in the General Conditions.

#### **F. DEFINITIONS**

**"Present Value"** means the discounted amount that, at the rate of interest that applies to the Insured's Lease Interest and Rental Profits coverages, would be equivalent to the Insured receiving the full amount of the Insured's Lease Interest or Rental Profits loss for each separate month of the unexpired term of the lease.

Unless otherwise indicated on the Supplemental Coverage Declarations, the rate of interest that applies to the Insured's Lease Interest and Rental Profits coverages is 6%.

## EARTH MOVEMENT

This endorsement modifies the insurance provided under this policy.

**A.** The following is added to the Covered Causes of Loss and the "specified causes of loss":

Earth Movement, meaning:

1. Any earth movement (other than "sinkhole collapse") including earthquake, mine subsidence, landslide, erosion, the expansion or contraction of soil due to the presence of moisture or water, or the lack thereof, and any other earth sinking, rising, shifting or movement, all whether naturally occurring or due to man made or other artificial causes.
2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All earth movements, earth movement shocks and Volcanic Eruptions that occur within any 168-hour period will constitute a single Earth Movement. The expiration of this policy will not reduce the 168-hour period.

**B.** Under the Exclusions contained in Section D. of the Property Coverage Form:

1. The Earth Movement exclusion does not apply to the insurance specifically provided under this endorsement.
2. The Collapse of Buildings exclusion is amended to include Earth Movement in the list of named causes of loss for which coverage for buildings in a state of imminent collapse applies.

All other exclusions and limitations in this policy continue to apply.

**C.** The following additional exclusions apply to this insurance:

1. The Company will not pay for loss or damage caused directly or indirectly by Flood, as defined in the Flood exclusion contained in Section D. of the Property Coverage Form, even if attributable to an Earth Movement.
2. This insurance for Earth Movement does not apply to, or modify any limits or deductibles that apply to:
  - a. The insurance otherwise provided for loss or damage by fire or explosion that results from an earth movement and for loss or damage by fire or "volcanic action" that results from a Volcanic Eruption; or
  - b. Any other insurance provided for loss or damage to which the Earth Movement exclusion does not apply.
3. The Company will not pay for loss or damage caused by or resulting from any Earth Movement that begins before the inception of this insurance.
4. This insurance does not apply to the cost of restoring or remediating land or to loss resulting from the time required to restore or remediate land.

**D.** The most the Company will pay for the total of all loss or damage caused by Earth Movement in any one policy year is the single highest Annual Aggregate Limit of Insurance specified for Earth Movement shown in the Supplemental Coverage Declarations. This limit is part of, and does not increase, the Limits of Insurance that apply under this policy.

Subject to the single highest Annual Aggregate Limit of Insurance:

1. Any individual Annual Aggregate Limit of Insurance shown in the Supplemental Coverage Declarations for Earth Movement is the most the Company will pay in any one policy year for all loss or damage to which that Limit of Insurance applies.
2. If more than one Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most the Company will pay under this endorsement for all loss or damage in that occurrence is the single highest Annual Aggregate Limit of Insurance applicable to that occurrence.

**E.** Under the Property Coverage Form, when a Building at the Insured's premises is Covered Property insured under this policy, the insurance provided under this endorsement is extended to apply to loss or damage to

underground pipes, flues and drains at those premises caused by Earth Movement. But this will not increase the limit that applies to this insurance.

## FLOOD

This endorsement modifies insurance provided under this policy.

**A.** The following is added to the Covered Causes of Loss and the "specified causes of loss":

Flood, meaning:

1. Flood, surface water, underground water, waves, tides, tidal waves, tsunamis, overflow of any body of water, or their spray, all whether driven by wind or not;
2. Mudslide or mudflow;
3. Release of water impounded by a dam; or
4. Water which backs up through sewers, drains or sumps;

all whether naturally occurring or due to man made or other artificial causes.

**B.** All Flood loss that occurs:

1. During a period of continued rising or overflow of any river(s), stream(s) or any body(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or
2. Due to any tidal waves or tsunamis that occur within any 168 hour period;

will constitute a single Flood occurrence.

If Flood loss commences prior to the expiration date of this policy and the Flood occurrence, as defined above, extends beyond the expiration date of this policy, the expiration of the policy will not reduce the Flood occurrence period.

**C.** Under the Exclusions contained in Section D. of the Property Coverage Form:

1. The Earth Movement exclusion does not apply to the insurance otherwise provided under this endorsement for loss or damage caused by or resulting from:
  - a. Mudslide or mudflow that is caused or precipitated by the accumulation of water on or below the surface of the ground; or
  - b. Flood that is attributable to an Earth Movement such as a tsunami.
2. The Flood exclusion does not apply to the insurance specifically provided under this endorsement.
3. The Collapse of Buildings exclusion is amended to include Flood in the list of named causes of loss for which coverage for buildings in a state of imminent collapse applies.

All other exclusions and limitations in this policy continue to apply.

**D.** The following additional exclusions apply to this insurance:

1. This insurance for Flood does not apply to, or modify any limits or deductibles that apply to:
  - a. The insurance otherwise provided for loss or damage by fire, explosion or leakage from fire protective equipment that results from Flood; or
  - b. Any other insurance provided for loss or damage by Flood to which the Flood exclusion does not apply.
2. The Company will not pay for loss or damage caused by or resulting from any Flood occurrence that begins before the inception of this insurance.
3. This insurance does not apply to the cost of restoring, recovering or de-watering land or to loss resulting from the time required to restore, recover or de-water land.

4. Unless otherwise specified in the Supplemental Coverage Declarations, this insurance for Flood does not apply to loss or damage to, or loss that is a consequence of loss or damage to:
- a. Any building or structure or any property in the open in the United States of America (including Puerto Rico and its other territories and possessions) if, at the time of loss, the building or structure or property in the open is, in whole or in part, located within Flood Zone A, Flood Zones prefixed A, Flood Zone V or Flood Zones prefixed V as classified under the National Flood Insurance Program; or
  - b. Any property in or on any building or structure in the United States of America (including Puerto Rico and its other territories and possessions) if, at the time of loss, the building or structure in or on which such property is located is, in whole or in part, within Flood Zone A, Flood Zones prefixed A, Flood Zone V or Flood Zones prefixed V as classified under the National Flood Insurance Program.
- E. If, at the time of loss, a building, a structure or property in the open in the United States of America (including Puerto Rico and its other territories and possessions) is located within more than one Flood Zone as classified under the National Flood Insurance Program, Flood coverage for loss or damage to, or loss that is a consequence of loss or damage to that building, structure or property in the open will be subject to the insurance, Annual Aggregate Limit of Insurance and deductible, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as defined below, in which it is located. The most hazardous Flood Zone that is determined to apply to a building or structure will also apply with respect to loss or damage to, or loss or damage that is a consequence of loss or damage to any property in or on such building or structure.

The following listing of Flood Zones, as classified under the National Flood Insurance Program, is in order of the most hazardous to least hazardous:

1. Flood Zone V and Flood Zones prefixed V;
2. Flood Zone A and Flood Zones prefixed A;
3. Flood Zone D;
4. Flood Zone B, Flood Zone X (shaded) and Zone X-500;
5. Flood Zone C and Flood Zone X.

If, at the time of loss resulting from Flood in the United States of America (including Puerto Rico and its other territories and possessions), the community in which property is located has been suspended from the National Flood Insurance Program, the Flood Zone(s) that applied under the National Flood Insurance Program prior to the suspension will be used in determining the Flood Zone(s) that apply to the property.

- F. The most the Company will pay for the total of all loss or damage caused by Flood in any one policy year is the single highest Annual Aggregate Limit of Insurance specified for Flood shown in the Supplemental Coverage Declarations. This limit is part of, and does not increase, the Limits of Insurance that apply under this policy.

Subject to the single highest Annual Aggregate Limit of Insurance:

1. Any individual Annual Aggregate Limit of Insurance shown in the Supplemental Coverage Declarations for Flood is the most the Company will pay in any one policy year for all loss or damage to which that Limit of Insurance applies.
  2. If more than one Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most the Company will pay under this endorsement for all loss or damage in that occurrence is the single highest Annual Aggregate Limit of Insurance applicable to that occurrence.
- G. Under the Property Coverage Form, when a building at the Insured's premises is Covered Property insured under this policy, the insurance provided under this endorsement is extended to apply to loss or damage to

underground pipes, flues and drains at those premises caused by Flood. But this will not increase the limit that applies to this insurance.

## BOILER AND MACHINERY

This endorsement modifies insurance provided under this policy.

### A. Additional Covered Cause of Loss

Covered Causes of Loss and "specified causes of loss" are extended to include an Accident to a Covered Object as defined and limited in this endorsement.

1. **Accident** means a sudden and accidental breakdown of a Covered Object. At the time the breakdown occurs, the breakdown must manifest itself by physical damage to the Covered Object that necessitates repair or replacement.

None of the following is an Accident:

- a. Depletion, deterioration, corrosion, erosion, or wear and tear, unless a sudden and accidental breakdown of a Covered Object ensues; or
- b. The functioning of any safety or protective device or the breakdown of any structure or foundation, other than the bedplate of a machine.

If an initial Accident causes other Accidents, all will be considered one Accident. All Accidents that manifest themselves at the same time and are the result of the same cause will also be considered one Accident, regardless of the number of locations involved.

### 2. Covered Object

- a. Covered Object means equipment of a type listed in provision 2. b. below that is:
  - (1) At or within 1000 feet of the Insured's premises described in the most recent Statement of Values or other documentation on file with the Company or a newly acquired location as otherwise insured and limited under this policy; and
  - (2) Owned or leased by the insured or operated under the Insured's control; and
  - (3) Not otherwise excluded under provision 2.c. below.
- b. Covered Object includes the following types of equipment:
  - (1) Boilers;
  - (2) Fired or unfired pressure vessels subject to vacuum or internal pressure other than the static pressure of their contents;
  - (3) Metal piping and its accessory equipment;
  - (4) Refrigeration or air conditioning systems;
  - (5) Other mechanical or electrical machines or apparatus used for the generation, transmission or utilization of mechanical or electrical power; and
  - (6) Fiber optic cable.
- c. Covered Object does not mean any:
  - (1) Structure, foundation (other than the bedplate of a machine), cabinet or compartment containing an object;
  - (2) Boiler setting, insulating or refractory material;
  - (3) Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, well casing, penstock or draft tube;
  - (4) Catalyst;
  - (5) Buried vessel or piping;
  - (6) Sewer piping, piping forming a part of a fire protection system or water piping other than:
    - (a) Feed water piping between any boiler and its feed pump or injector;
    - (b) Boiler condensate return piping; or

- (c) Water piping forming a part of a refrigerating or air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
- (7) Part of a boiler, fired vessel or electric steam generator that does not contain steam or water. But if the object uses a heat transfer medium other than water or steam, the Company will consider the medium or its vapor to be water or steam.
- (8) Part of an unfired vessel that is not under:
  - (a) Pressure of the contents of the vessel; or
  - (b) Internal vacuum;
- (9) Oven, stove, furnace, incinerator, pot or kiln;
- (10) Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment;
- (11) Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement;
- (12) Objects manufactured or held by the Insured for sale to others; or
- (13) Objects at:
  - (a) Any of the Insured's premises to which this Boiler and Machinery Endorsement does not apply, as indicated in the Supplemental Declaration or by endorsement to this policy; or
  - (b) Any other locations unless Boiler and Machinery coverage for such locations is specifically provided for in this endorsement, in the Supplemental Declarations or by endorsement to this policy. This exclusion applies regardless of whether such other locations are otherwise insured against under this policy.

## **B. Boiler and Machinery Coverage Extensions**

Each of the following Boiler and Machinery Coverage Extensions also applies when a Limit of Insurance for the Coverage Extension is indicated in the Supplemental Coverage Declarations:

### **1. Hazardous Substance**

- a. If as a result of an Accident to a Covered Object, property at or within 1000 feet of the Insured's premises or a newly acquired location is damaged, contaminated or polluted by a substance declared to be hazardous to health by a governmental agency, the Company will pay:
  - (1) The additional expense the Insured incurs to clean up, repair, replace or dispose of any such property that is Covered Property under the Property Coverage Form; and
  - (2) The increase in loss under the Business Income Coverage Forms or the Extra Expense Coverage Form due to the additional time required to clean up, repair, replace or dispose of the property provided Business Income, Rental Value or Extra Expense loss resulting from damage to such property is not otherwise excluded under those Coverage Forms. Subject to the Limit of Insurance that applies to this Coverage Extension, the "period of restoration" under the Business Income Coverage Forms and the Extra Expense Coverage Form is extended to include this additional period of time.
- b. As used in this Coverage Extension, additional expense and increase in loss mean expenses and loss incurred beyond the expense and loss for which the Company would have been liable had no substance declared to be hazardous to health by a governmental agency been involved.
- c. The most the Company will pay under this Coverage Extension for all additional expense and increase in loss arising out of any one Accident that is incurred due to damage, contamination or pollution by:
  - (1) Ammonia is the Limit of Insurance specified for Boiler and Machinery Ammonia Contamination shown in the Supplemental Coverage Declarations; or
  - (2) Any other substance declared to be hazardous to health by a governmental agency is the Limit of Insurance specified for Boiler and Machinery Hazardous Substance shown in the Supplemental Coverage Declarations.

- d. Payments under this Coverage Extension are part of, and not in addition to the Limit of Insurance that applies to:
- (1) Direct physical loss or damage to Covered Property; and
  - (2) Loss of Business Income, Rental Value and/or Extra Expense caused by the Accident to a Covered Object.

## 2. Water Damage

The insurance provided under the Property Coverage Form is extended to apply to direct physical loss to Covered Property at the Insured's premises or at a newly acquired location that is damaged by water as a result of an Accident to any Covered Object. The most the Company will pay for this kind of damage, including salvage expense, is the Limit of Insurance specified for Boiler and Machinery Water Damage shown in the Supplemental Coverage Declarations. This limit is part of and not in addition to the Limit of Insurance that applies to direct physical loss or damage to Covered Property caused by an Accident to a Covered Object.

## 3. Consequential Damage

- a. The Insurance provided under the Property Coverage Form is extended to apply to direct physical loss or damage to perishable Business Personal Property at the Insured's premises or at a newly acquired location due to spoilage resulting from lack of power, light, heat, steam or refrigeration that is caused solely by an Accident to a Covered Object.

Insurance under this Coverage Extension includes the reasonable expense the Insured incurs to reduce or avert the spoilage loss or damage, but only to the extent the amount of loss otherwise payable under this Coverage Extension is reduced.

- b. The most the Company will pay for loss or damage under this Coverage Extension is the Limit of Insurance specified for Consequential Damage shown in the Supplemental Coverage Declarations.
- c. The Company will not pay for any loss or damage under this Coverage Extension resulting from the Insured's failure to use due diligence and dispatch and all reasonable means to protect the property from damage following an Accident.
- d. As soon as possible after an Accident, the Insured must make use of every available means to reduce or avert loss under this Coverage Extension, including:
- (1) Merchandise or other property such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; and
  - (2) Salvaging the perishable Business Personal Property.

The Company will not pay for loss or damage under this Coverage Extension that results from the Insured's failure to use all reasonable means to protect the perishable Business Personal Property from damage following an Accident.

- e. Insurance under this Coverage Extension applies only with respect to Accidents that occur during the time this Coverage Extension is in effect. But if such Accidents result in loss or damage under this Coverage Extension that continues beyond the termination or expiration of this Coverage Extension, the Company's liability for that loss or damage will not be limited by the termination or expiration of this coverage.

## 4. Utility Services

- a. Under the:
- (1) The Utility Services – Direct Damage endorsement applicable to direct physical loss or damage to Covered Property under the Property Coverage Form; and/or
  - (2) The Utility Services – Time Element endorsement applicable to loss of Business Income, Rental Value and/or Extra Expense under the Business Income Coverage Forms and/or the Extra Expense Coverage Form;

The term Covered Cause of Loss is extended to include an Accident to any object that is:

- (1) Utility Supply Services Property, as defined in the Utility Services endorsements, owned by a public or private utility company; and
- (2) Located:
  - (a) At a location other than the Insured's premises with respect to the insurance provided under the Utility Services – Direct Damage endorsement applicable to direct physical loss or damage to Covered Property under the Property Coverage Form; or
  - (b) At a location other than the Insured's premises or outside a building at the Insured's premises with respect to the insurance provided under the Utility Services – Time Element endorsement applicable to loss of Business Income, Rental Value and/or Extra Expense under the Business Income Coverage Forms and/or the Extra Expense Coverage Form.
- b. When "included" is indicated in the Supplemental Coverage Declarations for Boiler and Machinery Utility Services, the Limit of Insurance that applies to:
  - (1) The Utility Services – Direct Damage endorsement applicable to direct physical loss or damage to Covered Property under the Property Coverage Form; and
  - (2) The Utility Services – Time Element endorsement applicable to loss of Business Income, Rental Value and/or Extra Expense under the Business Income Coverage Forms and/or the Extra Expense Coverage Form;

also applies to loss under this Coverage Extension, and does not increase that Limit of Insurance.

When a specific Limit of Insurance is indicated in the Supplemental Coverage Declarations for Boiler and Machinery Utility Services, that Limit of Insurance is the most the Company will pay for loss under this Coverage Extension.

### C. Boiler and Machinery Exclusions

The exclusions and limitations that apply to this policy apply to loss or damage under this endorsement, except as follows:

1. Under the Exclusions contained in Section D. of the Property Coverage Form:
  - a. Exclusion 1. j., Collapse, is amended to include Accident to a Covered Object as a cause of loss for which coverage for buildings in a state of imminent collapse is provided.
  - b. Exclusion 1. h., Ordinance or Law, is amended by the addition of the following:
 

Except as otherwise provided under the Hazardous Substance Coverage Extension, this exclusion applies to any increase in loss due to the discharge, dispersal, seepage, migration, release or escape of any hazardous substance declared to be hazardous to health by a government authority as a result of an Accident to a Covered Object.
  - c. Exclusions 2. a., 2. c. (5), 2. d., 2. j. and 2. l. do not apply.
  - d. Exclusion 2. h. is replaced by the following:
 

The Company will not pay for loss caused by the discharge, dispersal, seepage, migration, release or escape of "pollutants" caused by an Accident to an object except as otherwise provided under the Hazardous Substance Coverage Extension.
2. Under the Limitations contained in Section E. of the Property Coverage Form:
  - a. Limitation 1. does not apply.
  - b. Limitation 3. is amended by the following:
 

The Company will not pay for the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes, unless the defect is itself caused by an Accident to a Covered Object.
3. The following additional exclusions apply to the insurance provided by this endorsement:
  - a. The Company will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- (1) Lack of power, light, heat, steam or refrigeration. But this exclusion does not apply to Business Income, Rental Value, Extra Expense or Leasehold Interest coverage or to the Consequential Damage Coverage Extension or Utility Services Coverage Extension, when applicable.
- (2) An Accident to any object while undergoing hydrostatic, pneumatic, gas pressure or insulation breakdown testing.
- (3) An Accident to:
  - (a) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells used in conjunction with electronic computer or electronic data processing equipment;
  - (b) Data stored on this media; or
  - (c) Programming records used for electronic data processing or electronically controlled equipment;

whether or not the media or data is in actual use at the time of the Accident.
- b. The Company will not pay for loss or damage caused directly or indirectly by the discharge of molten material, even if the discharge is attributable to an Accident to which this Boiler and Machinery insurance applies.
- c. The Company will not pay for direct physical loss or damage to property caused by water, even when the water is a result of an Accident to which this insurance applies. But this exclusion does not apply to the Water Damage Coverage Extension or to Business Income, Rental Value, Extra Expense or Leasehold Interest coverage.
- d. With respect only to the Utility Services Coverage Extension, the Company will not pay for loss caused by or resulting from an Accident that is itself caused by collapse.

#### **D. Boiler and Machinery Limits of Insurance**

When "included" is indicated in the Supplemental Coverage Declarations for Boiler and Machinery Property Damage, Business Income, Rental Value, Extra Expense or Leasehold Interest, the insurance under this endorsement is provided subject to the Limit of Insurance that otherwise applies under this policy to the coverage for which "Included" is indicated. This is not additional insurance.

When a specific Limit of Insurance is indicated in the Supplemental Coverage Declarations for Boiler and Machinery Property Damage, Business Income, Rental Value, Extra Expense or Leasehold Interest, the most the Company will pay for loss under this endorsement is the applicable Limit of Insurance specified in the Supplemental Coverage Declarations. These Limits of Insurance are part of, and do not increase the Limits of Insurance that otherwise apply to such coverages under this policy.

Payments under the Boiler and Machinery Coverage Extensions will not increase the Boiler and Machinery Limits of Insurance.

#### **E. Boiler and Machinery Additional Condition**

The following additional condition applies to the in insurance provided under this endorsement:

##### **Suspension**

If any Covered Object is found to be in, or exposed to a dangerous condition, the Company may immediately suspend the insurance provided for loss caused by or resulting from an Accident to that Covered Object. The suspension can be done by delivering or mailing a notice of the suspension to:

1. The Insured's last known address; or
2. The address where the Covered Object is located.

The Insured will get a pro rata refund of premium for the suspended insurance. But the suspension will be effective even if the Company has not yet made or offered a refund. Once suspended, such insurance can only be reinstated by a written endorsement issued by the Company.

## **FUNGUS, WET ROT, DRY ROT AND OTHER CAUSE OF LOSS CHANGES**

This endorsement modifies the insurance provided under this policy.

A. The EXCLUSIONS contained in Section D. of the Property Coverage Form are amended as follows. These changes apply to all Coverage Forms and endorsements in this policy that are subject to the exclusions contained in the Property Coverage Form.

1. The following exclusion is added to Section D.1.:

**"FUNGUS", WET ROT AND DRY ROT**

a. The Company will not pay for loss or damage, or any increase in the amount of loss or damage, caused directly or indirectly by, or resulting from, the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot.

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

This exclusion does not apply:

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

b. Limited "Fungus", Wet Rot and Dry Rot Coverage

(1) The coverage described in b.(2) and b.(3) below only applies when the "fungus", wet rot or dry rot is the result of a "specified cause of loss", other than fire or lightning, that occurs during the policy period, and only if all reasonable means have been used to save and preserve the property from further damage at the time of and after the occurrence of the "specified cause of loss".

The exclusion of loss or damage caused by or resulting from "fungus", wet rot and dry rot in provision a. above does not apply to the insurance specifically provided under this coverage. But all other exclusions in this policy continue to apply to this Limited "Fungus", Wet Rot and Dry Rot Coverage.

(2) Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage

(a) The Company will pay for direct physical loss or damage to Covered Property caused by "fungus", wet rot or dry rot, including:

- (i) The cost of removal of the "fungus", wet rot or dry rot;
- (ii) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet rot or dry rot; and
- (iii) 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 rot or dry rot is present.

(b) The coverage described in (2)(a) above is subject to the aggregate Limit of Insurance indicated in the Supplemental Coverage Declarations for Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage in any one policy year. Regardless of the number of claims, this limit is the most the Company will pay for the total of all loss or damage under this coverage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12 month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet rot or dry rot, the Company will not

pay more than a total of this annual limit even if the "fungus", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.

- (c) The coverage provided under this Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet rot or dry rot, and other loss or damage, the Company will not pay more for the total of all loss or damage than the applicable Limit of Insurance on the Covered Property.
  - (d) If there is covered loss or damage to Covered Property that is not caused by "fungus", wet rot or dry rot, loss payment will not be limited by the terms of this Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage, except to the extent that "fungus", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage.
- (3) Limited "Fungus", Wet Rot and Dry Rot Coverage – Business Income, Rental Value and Extra Expense

The following Limited "Fungus", Wet Rot and Dry Rot Coverage provisions for Business Income, Rental Value and Extra Expense apply only if Business Income, Rental Value and/or Extra Expense coverage applies to the Insured's premises and only if the suspension of "operations" satisfies all of the terms of the applicable Business Income, Rental Value and/or Extra Expense coverage:

- (a) If the loss which results in the "fungus", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension of "operations" is necessary due to loss or damage to property at the Insured's premises caused by "fungus", wet rot or dry rot, then the Company's payment for Business Income, Rental Value 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" is caused by loss or damage at the Insured's premises by other than "fungus", wet rot or dry rot, but remediation of "fungus, wet rot or dry rot" prolongs the "period of restoration", the Company 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.

The coverage provided under this Limited "Fungus", Wet Rot and Dry Rot Coverage – Business Income, Rental Value and Extra Expense is included in, and does not increase the applicable Business Income, Rental Value and/or Extra Expense Limit of Insurance.

- (4) The terms of this Limited "Fungus", Wet Rot and Dry Rot Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder or Molten Damage coverage in Section B.2.i. of the Property Coverage Form or the coverage provided for collapse of buildings or structures under the Collapse of Buildings exclusion in Section D.1.j. of the Property Coverage Form.
2. The exclusions contained in Section D.2. are amended as follows:
- a. Under exclusion D.2. c.(2), the reference to fungus, the reference to wet or dry rot and the reference to mold are deleted.
  - b. Exclusion D.2.i. is replaced by the following:  
The Company will not pay for loss or damage caused by or resulting from:
    - (1) Continuous or repeated seepage, leakage or flow of water; or
    - (2) The presence or condensation of humidity, moisture or vapor;  
that occurs over a period of 14 days or more.

- B. The following is added to the LIMITATIONS contained in Section E. of the Property Coverage Form. This limitation applies to all Coverage Forms and endorsements in this policy that are subject to the limitations contained in the Property Coverage Form:

The Company will not pay for loss of or damage to, or any loss that is a consequence of loss or damage to the interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

- a. 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
- b. The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

Any portion of a building or structure that is within the exterior-facing surface material of a building or structure shall constitute the interior of that building or structure.

- C. The DEFINITIONS contained in Section G. of the Property Coverage Form are amended as follows. These definition changes apply wherever such defined terms are used in the policy.

1. The definition of "Specified Cause of Loss" is deleted and replaced by the following:

"Specified Cause of Loss" means any of 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 as limited below; weight of snow, ice or sleet; or water damage as defined below; all only as otherwise insured against in this policy.

- a. 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. Any portion of a building or structure that is within the exterior-facing surface material of a building or structure shall constitute the interior of that building or structure.

- b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

"Specified Cause of Loss" also means any cause of loss that is specifically added to the "specified causes of loss" by endorsement, but only to the extent such cause of loss is insured against under this policy.

2. The following definition is added:

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

- D. Under:

1. The Ordinance or Law coverage in Section B.2.f. of the Property Coverage Form;
2. The Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension in Section B.4. of the Business Income Coverage Form Including Extra Expense and the Business Income Coverage Form Excluding Extra Expense;
3. The Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension in Section B.3. of the Extra Expense Coverage Form; and
4. Any other Ordinance or Law or Ordinance or Law – Increased "Period of Restoration" coverage provided under this policy;

the following exclusion is added:

This coverage does not apply to:

- a. Loss caused by or resulting from the enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot; or
- b. 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 "fungus", wet rot or dry rot.

## **EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies the insurance provided under this policy

- A.** The exclusion set forth in Paragraph B. below applies to all coverage under all forms and endorsements that comprise this 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, rental value or action of civil authority.
- B.** The Company 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.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph B. above, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The terms of the exclusion in Paragraph B. above, 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 policy.

**EXCLUSION OF NUCLEAR HAZARD, WAR, MILITARY ACTION, ELECTRONIC  
VANDALISM AND PATHOGENIC OR POISONOUS BIOLOGICAL OR  
CHEMICAL MATERIALS  
WITH LIMITED COVERAGE FOR SUDDEN AND ACCIDENTAL  
RADIOACTIVE CONTAMINATION**

This endorsement modifies the insurance provided under this policy.

- A.** The Nuclear Hazard Exclusion is replaced by the following Exclusion. With respect to any form, endorsement or coverage to which the Nuclear Hazard Exclusion does not apply, that Exclusion is hereby added as follows.

**NUCLEAR HAZARD**

1. The Company will not pay for loss or damage caused directly or indirectly by nuclear reaction or radiation, or radioactive contamination, however caused. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
2. With respect only to direct physical loss or damage to Covered Property occurring within the states of:

Arizona, California, Connecticut, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Virginia, Washington, West Virginia, Wisconsin

the following exception to this Nuclear Hazard Exclusion applies:

If nuclear reaction or radiation, or radioactive contamination, results in fire, the Company will pay for the loss or damage caused by that fire. However, this exception for fire applies only to direct loss or damage by fire to Covered Property. This fire exception does not apply to any other insurance provided under this policy including, but not limited to, any insurance provided under this policy for Business Income, Rental Value, Extra Expense, Leasehold Interest or Legal Liability coverage.

In the event of loss or damage under this exception for fire, the value of the lost or damaged Covered Property will be determined at actual cash value at the time of loss, without allowance for any increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of the property. Any Ordinance or Law coverage provided under this policy does not apply to loss or damage under this exception for fire.

3. With respect to any activity that comes within the terms of the War and Military Action Exclusion and involves nuclear reaction or radiation, or radioactive contamination, the War and Military Action Exclusion supersedes this Nuclear Hazard Exclusion.
- B.** The War and Military Action Exclusion is replaced by the following Exclusion. With respect to any form, endorsement or coverage to which the War and Military Action Exclusion does not apply, that Exclusion is hereby added as follows.

**WAR AND MILITARY ACTION**

1. The Company 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.
  - a. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:
    - (1) By any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces;
    - (2) By military, naval or air forces; or

(3) By an agent of any such government, power, authority or forces.

- b. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.

Any discharge, explosion or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.

2. With respect to any action that comes within the terms of this exclusion and:

- a. Involves nuclear reaction or radiation, or radioactive contamination, this War and Military Action Exclusion supersedes the Nuclear Hazard Exclusion.
- b. Involves a discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials that comes within the terms of the Pathogenic or Poisonous Biological or Chemical Materials Exclusion, this War And Military Action Exclusion supersedes the Pathogenic or Poisonous Biological or Chemical Materials Exclusion.
- c. Involves Electronic Vandalism as defined in the Electronic Vandalism Exclusion, this War and Military Action Exclusion supercedes the Electronic Vandalism Exclusion.

C. The Computer Virus Exclusion is replaced by the following Exclusion:

**ELECTRONIC VANDALISM**

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

This exclusion will not apply in the event Electronic Vandalism results in a "specified cause of loss", but the Company will be liable only for loss or damage by the resulting "specified cause of loss".

2. Electronic Vandalism means:

- a. Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.
- b. Unauthorized computer code or programming that:
- (1) Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;
  - (2) Replicates itself, impairing the performance of computers or computer systems or networks; or
  - (3) Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced, for uses other than those intended for authorized users of the computers or computer systems or networks.

3. With respect to any activity that comes within the terms of the War and Military Action Exclusion and involves Electronic Vandalism, the War and Military Action Exclusion supersedes this Electronic Vandalism Exclusion.

D. The following exclusion is added:

**PATHOGENIC OR POISONOUS BIOLOGICAL OR CHEMICAL MATERIALS**

1. The Company will not pay for loss or damage caused directly or indirectly by the discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

2. With respect only to direct physical loss or damage to Covered Property occurring within the states of:

Arizona, California, Connecticut, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Virginia, Washington, West Virginia, Wisconsin

the following exception to this Pathogenic or Poisonous Biological or Chemical Materials Exclusion applies:

If the discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials results in fire, the Company will pay for the loss or damage caused by that fire. However, this exception for fire applies only to direct loss or damage by fire to Covered Property. This fire exception does not apply to any other insurance provided under this policy including, but not limited to, any insurance provided under this policy for Business Income, Rental Value, Extra Expense, Leasehold Interest or Legal Liability coverage.

In the event of loss or damage under this exception for fire, the value of the lost or damaged Covered Property will be determined at actual cash value at the time of loss, without allowance for any increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of the property. Any Ordinance or Law coverage provided under this policy does not apply to loss or damage under this exception for fire.

3. This exclusion does not apply when both 3.a. and 3.b. below apply:
- a. The pathogenic or poisonous biological or chemical materials are normally kept at or brought onto:
    - (1) The Insured's premises, with the Insured's consent, for use in the Insured's business operations at the Insured's premises; or
    - (2) Any premises, other than the Insured's premises, by others for use in conducting their valid business operations at such premises;
 and
  - b. The discharge, dispersal, seepage, migration, release, escape or application of the pathogenic or poisonous biological or chemical materials is accidental and is not the result of a willful or malicious act against any persons, organizations or property of any nature;
- but all other exclusions continue to apply.
4. With respect to any action that comes within the terms of the War And Military Action Exclusion and involves a discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials that comes within the terms of this Pathogenic or Poisonous Biological or Chemical Materials Exclusion, the War and Military Action Exclusion supersedes this Pathogenic or Poisonous Biological or Chemical Materials Exclusion.

#### **E. LIMITED COVERAGE FOR SUDDEN AND ACCIDENTAL RADIOACTIVE CONTAMINATION**

1. When a Limit of Insurance is specified in the Supplemental Coverage Declarations for Sudden and Accidental Radioactive Contamination, the term Covered Cause of Loss, as used in this policy, is extended to include direct physical loss or damage caused by or resulting from sudden and accidental radioactive contamination at the Insured's premises, including resultant radiation damage to Covered Property at such premises, provided:
  - a. Such radioactive contamination arises out of material at the Insured's premises;
  - b. Such radioactive material is kept at an Insured's premises for the purpose of the Insured's operations; and

- c. At the time of such loss at the Insured's premises there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel which is intended for or which has been used in a nuclear reaction.
2. This Limited Coverage for Sudden and Accidental Radioactive Contamination does not modify or limit any insurance otherwise provided under Section A. of this endorsement for loss or damage caused by fire that results from nuclear reaction or radiation, or radioactive contamination.
3. The Nuclear Hazard Exclusion in Section A. of this endorsement does not apply to this Limited Coverage for Sudden and Accidental Radioactive Contamination. But all other exclusions and all limitations applicable to this policy, including but not limited to the War And Military Action Exclusion, apply to loss or damage under this Limited Coverage for Sudden and Accidental Radioactive Contamination.
4. The most the Company will pay for loss or damage in any one occurrence under this Limited Coverage for Sudden and Accidental Radioactive Contamination is the Sudden and Accidental Radioactive Contamination Limit of Insurance shown in the Supplemental Coverage Declarations. This limit is part of, and does not increase the Limits of Insurance provided under this policy.

## BUILDERS RISK

This endorsement modifies insurance provided under the Property Coverage Form.

**A. The following is added to Section B. 1. Covered Property:**

**Builders Risk Property**

1. This insurance applies to direct physical loss or damage by a Covered Cause of Loss to Builders Risk Property, as described in 2. below, while at any of the following locations for which a Builders Risk Limit of Insurance is shown in the Supplemental Coverage Declarations:
  - a. At a Construction Site described in the Supplemental Coverage Declarations, the most recent Statement of Values or other documentation on file with the Company;
  - b. At any temporary storage location; or
  - c. In transit.

This insurance also applies to the necessary and reasonable expenses incurred by the Insured to reprepare, reexcavate or regrade land or reperform similar land work at a covered Construction Site due to direct physical loss or damage at the Construction Site caused by or resulting from a Covered Cause of Loss. This coverage is subject to, and will not increase the Limit of Insurance that applies to the Construction Site.

2. Builders Risk Property means the following types of property that are owned by the Insured or for which the Insured is liable:
  - a. Buildings or structures in the course of construction;
  - b. Building materials and supplies, equipment, machinery and fixtures intended to become a permanent part of the buildings or structures in the course of construction; and
  - c. Construction forms, cribbing, scaffolding and temporary structures used in the construction of the buildings or structures.

Under the list of Property and Costs Not Covered in Section C. of the Property Coverage Form, the exclusion of underground tanks, pipes, flues and drains does not apply to Builders Risk Property.

3. With respect to each covered building or structure in the course of construction, this coverage for Builders Risk Property will end when any of the following first occurs:
    - a. 30 days expire after the building or structure is occupied or put to its intended use;
    - b. 30 days expire after construction is complete;
    - c. Any other insurance covers the property as a completed building or structure;
    - d. The Construction Site is abandoned with no intent to complete it;
    - e. The Insured's interest in the property ceases; or
    - f. This policy expires or is cancelled.
  4. This coverage for Builders Risk Property does not apply to any loss or damage that is covered under any guarantee of any contractor, manufacturer or supplier, whether or not such contractor, manufacturer or supplier is a Named Insured under this policy.
- B. The following additional changes apply to Section B. 1. Covered Property:**
1. Items B.1.a., Building(s), and B.1.b., Business Personal Property, do not include Builders Risk Property.
  2. Item B.1.g., Newly Constructed or Acquired Property, is amended as follows:

When the Construction Sites and the Limit of Insurance applicable to each Construction Site are specifically identified on the Supplemental Coverage Declarations for Builders Risk coverage, the Newly Constructed or Acquired Property coverage applies to new Construction Sites, except that the most the Company will pay for loss or damage at any one new Construction Site is the highest Builders Risk Limit of Insurance indicated in the Supplemental Coverage Declarations for a specifically identified Construction Site.

When the Construction Sites are not specifically identified, and a maximum Limit of Insurance at any one Construction Site, subject to a maximum Limit of Insurance at all Construction Sites, is indicated in the Supplemental Coverage Declarations for Builders Risk coverage, the Newly Constructed or Acquired Property coverage applies at new Construction Sites, except that the most the Company will pay for loss or

damage at any one new Construction Site is the Maximum Limit of Insurance at any one Construction Site indicated in the Supplemental Coverage Declarations.

3. Item B.1.j., Covered Property at Undescribed Premises, does not apply to any Builders Risk Property.
4. When a Builders Risk Limit of Insurance is shown in the Supplemental Coverage Declarations for Property in Transit, the provisions of item B.1.k., Covered Property in Transit, apply to Builders Risk Property. But the most the Company will pay for loss or damage to Builders Risk Property in the due course of transit is the Builders Risk Limit of Insurance shown in the Supplemental Coverage Declarations for Property in Transit.

## SOFT COSTS

This endorsement modifies insurance provided under the Property Coverage Form, but only with respect to the insurance provided by separate endorsement for Builders Risk and/or Renovation Projects.

The following is added to Section B. 2. Covered Costs And Expenses:

### Soft Costs Coverage

1. This policy is extended to apply to the actual Soft Costs, as described in 2. below, which the Insured incurs due to a delay in the completion of the construction or renovation project at any Construction Site or Renovation Site to which the Builders Risk or Renovation Projects coverage under this policy applies. The delay must be caused by direct physical loss or damage to:
  - a. Builders Risk Property, as defined in the Builders Risk endorsement, when applicable; or
  - b. Renovation Project Property, as defined in the Renovation Projects endorsement, when applicable;
 caused by or resulting from a Covered Cause of Loss.

This coverage applies to the Soft Costs the Insured incurs during the period of time that begins on the date the construction or renovation project would have been completed had there been no direct physical loss or damage to the property, and continues for the shorter of the following periods:

- a. The period of time between:
  - (i) The date of direct physical loss or damage to the Builders Risk Property or Renovation Project Property; and
  - (ii) The date the property should have been repaired, rebuilt or replaced with reasonable speed and similar quality;
 or
- b. The period of time that the completion of the construction or renovation project is actually delayed.

This period of time will not be limited by the expiration date of this policy.

2. Soft Costs, as used in this coverage, means the necessary and reasonable additional expenses the Insured incurs for any of the following that are over and above the expenses the Insured would have incurred had there been no direct physical loss or damage:
  - a. Interest on money borrowed to finance construction or repair;
  - b. Real estate and property taxes;
  - c. Architect, engineering and consultant fees;
  - d. Legal and accounting fees;
  - e. Advertising and promotional expenses; and
  - f. Rental or lease of construction equipment.

3. The Company will also pay for the actual Soft Costs which the Insured incurs due to a delay in the completion of the construction or renovation project at any Construction Site or Renovation Site to which the Builders Risk or Renovation Project Coverage under this policy applies, caused by a civil authority action that prohibits access to the Construction Site or Renovation Site. The civil authority action must be due to direct physical loss or damage to property at locations other than the Construction Site or Renovation Site, caused by or resulting from a Covered Cause of Loss.

This civil authority action coverage applies to the Soft Costs the Insured incurs during the period of time that begins on the date the construction or renovation project would have been completed had there been no civil authority action prohibiting access to the Construction Site or Renovation Site, and continues for the shorter of the following periods:

- a. The period of time access to the Construction Site or Renovation Site is prohibited by the civil authority action, subject to a maximum of 30 days or, if an hourly deductible applies to Soft Costs coverage, subject to a maximum of 30 days after the hourly deductible is exhausted; or
- b. The period of time that the completion of the construction or renovation project is actually delayed.

This period of time will not be limited by the expiration date of this policy.

4. This insurance provided for Soft Costs does not apply to:
  - a. Any increase in the Soft Costs incurred due to:
    - (1) The suspension, lapse or cancellation of any lease, license, or contract beyond the period of time this coverage applies;
    - (2) Interference by strikers or other persons with the:
      - (a) Transportation of property to be used in the construction or renovation project;
      - (b) Rebuilding, repair, replacement or completion of the construction or renovation project; or
      - (c) Occupancy or use of the premises; or
    - (3) Any additional time required to rebuild, repair or replace the property caused by the necessity to make improvements to correct faults, inadequacies or defects in the project design, specifications, construction or renovation.
  - b. Any other consequential loss.
5. The most the Company will pay for loss in any one occurrence under this coverage is the applicable Limit of Insurance specified for Soft Costs shown in the Supplemental Coverage Declarations.
6. When an hourly deductible is specified for Soft Costs in the Supplemental Coverage Declarations, the Company will not be liable for loss under this coverage until the delay in the completion of the construction or renovation project exceeds the specified number of hours. The Company will then pay only for the Soft Costs the Insured incurs during the remaining period of time the Soft Costs coverage applies, up to the applicable Limit of Insurance.
7. The Insured must make every reasonable effort to avoid or minimize the delay in the completion of the construction or renovation project. The Company will pay reasonable expenses the Insured incurs to reduce the amount of loss otherwise payable under this coverage, but only to the extent the amount of loss is actually reduced.

## **CONTROL OF DAMAGED GOODS**

This endorsement modifies insurance provided under the Property Coverage Form.

The following condition is added:

### **Control Of Damaged Goods**

In the event of covered loss or damage to goods or products that are Covered Property under this insurance, the Insured will have full right of possession and will retain control of all such damaged goods or products bearing labels or permanent markings identifying the Insured as the manufacturer or distributor of the goods or products. After suitable tests have indicated which of these goods or products have been damaged, the Insured, exercising reasonable discretion, will judge whether such damaged goods or products are suitable for marketing. None of the damaged goods or products that are deemed by the Insured to be unfit for marketing will be sold or otherwise disposed of except by the Insured or with the Insured's consent. The Insured will allow the Company any salvage obtained on any sale or other disposition of such goods or products.

## **EXPEDITING EXPENSES**

This endorsement modifies insurance provided under the Property Coverage Form.

The following coverage is added under Section B. 2., Covered Costs and Expenses:

### **Expediting Expenses**

In the event of direct physical loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss, the Company will pay for the reasonable additional expenses incurred by the Insured to make temporary repairs to, or expedite the permanent repair or replacement of, the Covered Property.

Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.

The most the Company will pay under this coverage for all Expediting Expenses arising out of any one occurrence is the Limit of Insurance specified for Expediting Expenses shown in the Supplemental Coverage Declarations.

## UTILITY SERVICES—DIRECT DAMAGE

This endorsement modifies insurance provided under the Property Coverage Form. But this endorsement does not apply to, or amend any limits that otherwise apply for, loss or damage to Accounts Receivable records or to Valuable Papers and Records caused by the interruption, failure or fluctuation of power or utility service.

- A.** The Company will pay for loss or damage to Covered Property at the Insured's premises caused by the interruption, failure or fluctuation of service to the Insured's premises. The interruption, failure or fluctuation must result from direct physical loss or damage by a Covered Cause of Loss to Utility Supply Services Property, as defined in B. and C. below, not at the Insured's premises.
- B.** As used in this endorsement, Utility Supply Services Property means:
1. **Water Supply Services Property**, meaning the following types of property supplying water to the Insured's premises:
    - a. Water treatment plants;
    - b. Water tanks;
    - c. Water mains; and
    - d. Pumping stations.
  2. **Communication Supply Services Property**, meaning property supplying communication services, including telephone, radio, microwave or television services, to the Insured's premises, such as:
    - a. Communication transmission lines (including optic fiber transmission lines), other than overhead transmission lines;
    - b. Coaxial cables; and
    - c. Microwave radio relays except satellites.
  3. **Power Supply Services Property**, meaning the following types of property supplying electricity, steam or gas to the Insured's premises:
    - a. Utility generating plants;
    - b. Switching stations;
    - c. Substations, pumping stations;
    - d. Transformers;
    - e. Transmission lines, other than overhead transmission lines; and
    - f. Tanks.
- C.** When:
1. Overhead Transmission Lines are indicated as included in the Supplemental Coverage Declarations; or
  2. An Overhead Transmission Lines Limit of Insurance is specified in the Supplemental Coverage Declarations;
- Utility Supply Services Property also includes **Overhead Transmission Lines**, meaning overhead power transmission lines supplying electricity, steam or gas to the Insured's premises and overhead communication lines supplying communication services to the Insured's premises.
- D.** All of the exclusions that apply to the Property Coverage Form apply to this coverage except exclusion D.1.i., Off Premises Utility Services. In addition, the Company will not pay for any loss or damage under this coverage if the loss or damage to the Utility Supply Services Property results from any deliberate act or acts by the supplying utility to shed load or to maintain system integrity.
- E.** The most the Company will pay for loss or damage under this coverage is the Limit of Insurance specified for Utility Services - Direct Damage shown in the Supplemental Coverage Declarations. But the Company will not pay more for loss or damage to any Covered Property than the Limit of Insurance that applies to that Covered Property.

If a separate Overhead Transmission Lines Limit of Insurance is specified for this coverage in the Supplemental Coverage Declarations, the Overhead Transmission Lines Limit of Insurance is part of, and not in addition to the Utility Services – Direct Damage Limit of Insurance shown in the Supplemental Coverage Declarations.

## UNREPORTED PREMISES -- DIRECT DAMAGE

This endorsement modifies insurance provided under the Property Coverage Form.

The following coverage is added:

### Unreported Premises

- A. The Company will pay for direct physical loss or damage to Covered Property at an Unreported Premises, as defined in B. below, caused by or resulting from a Covered Cause of Loss.
- B. As used in this endorsement, Unreported Premises means fixed locations within the Policy Territory that are owned, leased or regularly operated by the Insured, but are not described in the most recent Statement of Values or other documentation on file with the Company. But Unreported Premises do not include:
  - 1. Any premises that the Insured acquires or becomes required to insure during the policy period, including new sites where construction or renovation projects are being performed;
  - 2. Any "exhibition" location; or
  - 3. Any premises that are otherwise insured under this policy.
- C. This coverage does not apply to any loss or damage to which any other coverage provided under this policy applies, regardless of whether the Limit of Insurance applicable to such other coverage is adequate to cover the loss or damage.
- D. The most the Company will pay in any one occurrence under this coverage for loss or damage at any one Unreported Premises is the per location Limit of Insurance shown in the Supplemental Coverage Declarations for Unreported Premises – Direct Damage. But in no event will the Company pay more for loss or damage to any type of Covered Property than the amount that would have been paid if the loss or damage had occurred at or within 1000 feet of any of the Insured's premises described in the most recent Statement of Values or other documentation on file with the Company.

The most the Company will pay for loss or damage in any one occurrence under this coverage, regardless of the number of Unreported Premises involved, is the Maximum at all Unreported Premises Limit of Insurance shown in the Supplemental Coverage Declarations for Unreported Premises – Direct Damage.

## VEHICLE DAMAGE

This endorsement modifies insurance provided under the Property Coverage Form.

The following is coverage is added:

### Vehicle Damage

1. The Company will pay for direct physical loss or damage to Covered Vehicles at the Insured's premises caused by or resulting from a Covered Cause of Loss. When "over the road exposures" are indicated as included in the Supplemental Coverage Declarations, this coverage also applies to Covered Vehicles while anywhere within the Policy Territory, including while being operated over the road.

The exclusion of vehicles licensed for use on public roads under Section C. of the Property Coverage Form, PROPERTY AND COSTS NOT COVERED, does not apply to loss or damage to Covered Vehicles to which this coverage applies.

2. All of the exclusions that apply to the Property Coverage Form apply to loss or damage under this coverage, except as follows:

- a. When "over the road exposures" are indicated as included in the Supplemental Coverage Declarations, exclusions D. 1. a. EARTH MOVEMENT and D. 1. b. FLOOD do not apply to loss or damage to Covered Vehicles while at any location other than the Insured's premises.

- b. The following exclusions are added:

- (1) The Company will not pay for loss or damage under this coverage that is caused by or results from any of the following, unless such loss or damage is itself caused by or results from other loss or damage not otherwise excluded under this coverage:

- (a) Wear and tear;
- (b) Freezing;
- (c) Mechanical or electrical breakdown;
- (d) Blowouts, punctures or other road damage to tires.

- (2) The Company will not pay under this coverage for loss or damage to any of the following:

- (a) Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with any audio, visual or sound reproducing equipment;
- (b) Equipment designed or used for the detection or location of radar;
- (c) Any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual or data signals, and any accessories used with such equipment. But this exclusion does not apply to:
  - (i) Equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the Covered Vehicle or is removable from a housing unit which is permanently installed in the Covered Vehicle, and such equipment is designed to be solely operated by use of the power from the Covered Vehicle's electrical system; or
  - (ii) Any other electronic equipment that is:
    - Necessary for the normal operation of the Covered Vehicle or the monitoring of the Covered Vehicle's operating system; or
    - An integral part of the same unit housing any sound reproducing equipment described in (i) above and permanently installed in the opening of the dash or console of the covered vehicle normally used by the manufacturer for installation of a radio. With respect only to the insurance provided under this endorsement;

- (d) Any Covered Vehicle while being used in or practicing for any professional or organized racing or demolition contest or stunting activity, or while being prepared for such contest or activity.
- (3) The Company will not pay under this coverage for loss of use, loss of income or any other consequential loss.
- 3. The most the Company will pay for loss or damage in any one occurrence under this coverage is the applicable Limit of Insurance shown in the Supplemental Coverage Declarations for Vehicle Damage. This is additional insurance.
- 4. With respect only to the insurance provided under this coverage:
  - a. The following is added to the Notice of Loss and Duties in the Event of Loss or Damage condition in the General Conditions:

The Insured must also permit the Company to inspect the Covered Vehicles and records proving the loss before the repair or disposition of the Covered Vehicles.
  - b. The valuation provisions of this policy are replaced by the following:

In the event of covered loss or damage to Covered Vehicles, the value of the Covered Vehicles will be determined at actual cash value, meaning the cost to repair or replace the lost or damaged property, at the time and place of loss, with other property of comparable size, material and quality, less allowance for physical deterioration, depreciation, obsolescence and depletion.
- 5. As used in this coverage:
  - a. **Covered Vehicles** means motor vehicles that are:
    - (1) Licensed for use on public roads; and
    - (2) (a) Owned by the Insured; or
    - (b) Owned by others and in the Insured's care, custody or control, but only to the extent of the Insured's legal liability for such vehicles;and
    - (3) (a) Described in the most recent Statement of Values or other documentation on file with the Company; or
    - (b) Newly Acquired Vehicles.
  - b. **Newly Acquired Vehicles** means motor vehicles that are acquired by the Insured after the inception date of this insurance. But each such vehicle will be considered a Newly Acquired Vehicle only until any of the following first occurs:
    - (1) This policy expires or is cancelled;
    - (2) 30 days expire after the Insured acquires the vehicle;
    - (3) The vehicle is reported to the Company; or
    - (4) The vehicle is more specifically insured elsewhere.

With respect to newly acquired vehicles reported to and accepted by the Company for coverage under this policy, additional premium, if any, will be charged from the date the vehicles are acquired.

## PRESERVATION AND PROTECTION OF PROPERTY

This endorsement modifies the insurance provided under Property Coverage Form.

1. The Preservation of Property coverage in Section B.2.g. is replaced by the following:

**g. Preservation of Property**

- (1) If it becomes necessary to temporarily move Covered Property from insured premises to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, the Company will pay for any direct physical loss or damage to Covered Property while it is being moved from an insured premises, while temporarily stored at another location or while it is being moved back to an insured premises.
- (2) This Coverage will apply only if the loss or damage occurs within 90 days after the property is first moved and will cease when the policy is amended to provide insurance at the new location, the property is returned to the existing location, or this policy is cancelled or expires, whichever occurs first.
- (3) Payment under this Coverage is included in, and does not increase, the applicable Covered Property Limit of Insurance.

2. The Protection of Property coverage in Section B.2.h. is replaced by the following:

**h. Protection of Property**

- (1) If it becomes necessary to temporarily move Covered Property from insured premises to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss the Company will pay for the necessary and reasonable expenses actually incurred by the Insured to remove the Covered Property from the insured premises and to move the Covered Property back to the insured premises within a reasonable time after the threat of imminent loss or damage to the property by the Covered Cause of Loss passes.
- (2) The Company will also pay for other necessary and reasonable expenses actually incurred by the Insured to temporarily safeguard Covered Property against the threat of imminent direct physical loss or damage by any of the "specified causes of loss".
- (3) The most the Company will pay under this Coverage for the sum of all expenses incurred due to the threat of loss or damage from any one occurrence is \$250,000, subject to the following:
  - (a) This Limit of Insurance is an additional amount of insurance that is not subject to, and does not reduce, the Covered Property Limits of Insurance. Under Section O. LIMITS OF INSURANCE in the General Conditions, Protection of Property is deleted from the list of Covered Costs and Expenses that will not increase the applicable Covered Property Limit(s) of Insurance. But if this policy is subject to a Policy Limit, the Limit of Insurance applicable to this Coverage is included in, and does not increase, the Policy Limit shown in the Supplemental Coverage Declarations.
  - (b) When Earth Movement, Earthquake, Earthquake Sprinkler Leakage, Volcanic Eruption, Landslide or Mine Subsidence is a "specified cause of loss" under this policy, the Company's payment for the sum of all expenses incurred due to the threat of loss or damage from all threatened occurrences of all such "specified causes of loss" in any one policy year will not exceed \$250,000. This Limit of Insurance is not subject to, and does not reduce, the Limits of Insurance that apply to such "specified causes of loss".
  - (c) When Flood is a "specified cause of loss" under this policy, the Company's payment for the sum of all expenses incurred due to the threat of loss or damage from all threatened occurrences of such "specified cause of loss" in any one policy year will not exceed \$250,000. This Limit of Insurance is not subject to, and does not reduce, the Limit of Insurance that applies to such "specified cause of loss".
  - (d) If the threat of imminent direct physical loss or damage to Covered Property from the same occurrence spans over multiple policy years, only the limit that applies in the policy

year in which the expenses are first incurred by the Insured will apply to the insurance provided for expenses incurred due to the threat of loss or damage from that occurrence.

- (4) This Coverage is subject to the deductible that applies to loss or damage to the Covered Property by the Covered Cause of Loss against which the property is being safeguarded.

## UTILITY SERVICES—TIME ELEMENT

This endorsement modifies insurance provided under the Business Income Coverage Forms and the Extra Expense Coverage Form.

- A.** The coverage provided for loss of Business Income, Rental Value and/or Extra Expense is extended to apply to such loss and/or expense at the Insured's premises caused by the interruption, failure or fluctuation of service to the Insured's premises. The interruption, failure or fluctuation must result from direct physical loss or damage by a Covered Cause of Loss to Utility Supply Services Property, as defined in B. and C. below, that is located away from the Insured's premises or outside of a building at the Insured's premises.
- B.** As used in this endorsement, Utility Supply Services Property means:
1. **Water Supply Services Property**, meaning the following types of property supplying water to the Insured's premises:
    - a. Water treatment plants;
    - b. Water tanks;
    - c. Water mains; and
    - d. Pumping stations.
  2. **Communication Supply Services Property**, meaning property supplying communication services, including telephone, radio, microwave or television services, to the Insured's premises, such as:
    - a. Communication transmission lines (including optic fiber transmission lines), other than overhead transmission lines;
    - b. Coaxial cables; and
    - c. Microwave radio relays except satellites.
  3. **Power Supply Services Property**, meaning the following types of property supplying electricity, steam or gas to the Insured's premises:
    - a. Utility generating plants;
    - b. Switching stations;
    - c. Substations, pumping stations;
    - d. Transformers;
    - e. Transmission lines, other than overhead transmission lines; and
    - f. Tanks.

**C.** When:

1. Overhead Transmission Lines are indicated as included in the Supplemental Coverage Declarations; or
2. An Overhead Transmission Lines Limit of Insurance is specified in the Supplemental Coverage Declarations;

Utility Supply Services Property also includes **Overhead Transmission Lines**, meaning overhead power transmission lines supplying electricity, steam or gas to the Insured's premises and overhead communication lines supplying communication services to the Insured's premises.

- D.** All of the exclusions that apply to the Coverage Form(s) modified by this endorsement apply to this coverage except exclusion C.1.b., Off Premises Utility Services. In addition, the Company will not pay for any loss or expense under this coverage if the loss or damage to the Utility Supply Services Property results from any deliberate act or acts by the supplying utility to shed load or to maintain system integrity.
- E.** The most the Company will pay for loss or expense under this coverage is the Limit of Insurance specified for Utility Services – Time Element shown in the Supplemental Coverage Declarations. This Limit of Insurance is part of and does not increase the Business Income and/or Extra Expense Limit(s) of Insurance provided under this policy.

If a separate Overhead Transmission Lines Limit of Insurance is specified for this coverage in the Supplemental Coverage Declarations, the Overhead Transmission Lines Limit of Insurance is part of, and not in addition to the Utility Services – Time Element Limit of Insurance shown in the Supplemental Coverage Declarations.

- F. When a number of hours is shown in the deductible item in the Supplemental Coverage Declarations for Utility Services – Time Element, the Company will pay under this coverage only for loss of Business Income or Rental Value the Insured sustains after that number of hours immediately following the direct physical loss or damage to the Utility Supply Services Property. This deductible does not apply to Extra Expense.

## INGRESS OR EGRESS - TIME ELEMENT

This endorsement modifies insurance provided under the Business Income and Extra Expense Coverage Forms.

The following is added to the Additional Coverage Extensions:

### **Ingress or Egress**

- A.** The Company will pay for the actual loss of Business Income and/or Rental Value, as otherwise insured, sustained by the Insured due to the necessary "suspension" of the Insured's "operations". If Extra Expense Coverage applies, the Company will pay for the reasonable and necessary Extra Expense the Insured incurs. The "suspension" and the Extra Expense must be because ingress to or egress from the Insured's premises is prevented (other than as provided in the Civil Authority Coverage) as a direct result of loss or damage to property within one mile of the Insured's premises, caused by or resulting from a Covered Cause of Loss.
- B.** Under the Business Income Coverage Form Including Extra Expense:
  - 1. Coverage for Business Income and/or Rental Value will begin at the time ingress to or egress from the Insured's premises is first prevented or, if a number of hours is shown in the Business Income deductible item in the Supplemental Coverage Declarations, that number of hours after the ingress or egress is first prevented. Coverage will then apply for a period of up to 30 consecutive days.
  - 2. Coverage for Extra Expense will begin immediately after ingress to or egress from the Insured's premises is first prevented, and will apply up to the later of the following:
    - a. 30 consecutive days after the date the ingress or egress is first prevented; or
    - b. The date Business Income and/or Rental Value coverage ends when.
- C.** Under the Business Income Coverage Form Excluding Extra Expense, coverage for Business Income and/or Rental Value will begin at the time ingress to or egress from the Insured's premises is first prevented or, if a number of hours is shown in the Business Income deductible item in the Supplemental Coverage Declarations, that number of hours after the ingress or egress is first prevented. Coverage will then apply for a period of up to 30 consecutive days.
- D.** Under the Extra Expense Coverage Form, coverage for Extra Expense will begin immediately after ingress to or egress from the Insured's premises is first prevented, and will apply for a period of up to 30 consecutive days.
- E.** The most the Company will pay for loss under this coverage is the Limit of Insurance specified for Ingress or Egress – Time Element shown in the Supplemental Coverage Declarations. This Limit of Insurance is part of and not in addition to the Limit(s) of Insurance applicable to Business Income, Rental Value and/or Extra Expense.

## GENERAL CONDITIONS

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

### A. ABANDONMENT

There can be no abandonment of any property to the Company.

### B. APPLICATION OF DEDUCTIBLES

1. Any deductibles that apply are specified in the Supplemental Coverage Declarations or in the forms or endorsements attached to this policy.

Unless otherwise specified in the Supplemental Coverage Declarations, or by endorsement, when a deductible is specified as applying separately "at each affected location, in any one occurrence", or at a specific location in any one occurrence, each of the following will be considered a "location":

- a. A single address that is not part of a complex described in b. below, regardless of the number of buildings at that address; or
- b. A multiple building complex, such as an apartment complex, office building complex or industrial park, with multiple addresses, provided:
  - (1) All addresses within the complex are under the same ownership or management; and
  - (2) The complex is known by a single name; and
  - (3) All addresses within the complex are insured premises under this policy; and
  - (4) The addresses are adjacent to one another, or separated only by a street.

2. Dollar Deductibles

When the deductible that applies is specified as a dollar amount, the Company will not pay for loss or damage to which the deductible applies until the amount of loss or damage exceeds the specified deductible amount. The Company will then pay the amount of the loss or damage in excess of the specified deductible, up to the applicable Limit of Insurance.

3. Percentage Deductibles

- a. Percentage deductibles may be written as a percentage of total values or as a percentage per unit of insurance.

- b. Total Values Percentage Deductibles

When the deductible that applies is specified as a percentage of total values, the deductible will be equal to the percentage of the total values specified in the most recent Statement of Values on file with the Company for buildings, structures, personal property and rental values to which the deductible applies.

- c. Per Unit of Insurance Percentage Deductibles

When the deductible that applies is specified as a percentage per unit of insurance, the deductible will be equal to the percentage of value(s) calculated for, and applied separately to, each of the following units of insurance:

- (1) Each building or structure sustaining loss or damage;
- (2) Personal property within each building or structure if that personal property sustains loss or damage;
- (3) Personal property in the open if personal property in the open sustains loss or damage;
- (4) Business Income values impacted by the direct loss or damage to property, when the percentage deductible is indicated as applying to Business Income; and
- (5) Rental values impacted by the direct loss or damage to property, when the percentage deductible is indicated as applying to Rental Value.

The values to be used when calculating the deductible for (1), (2), (3), (4) and (5) above are either those as specified for each unit of insurance shown in the most recent Statement of Values on file

with the Company or, if not so specified, or if the damaged property is a building in the course of construction or renovation, the values will be determined at the time of loss. When Business Income values or rental values are determined at the time of loss, the values will be calculated for the 12 months following the inception date of the policy term in which the loss occurs.

- d. When both a percentage deductible and a dollar deductible are specified together as applicable to a coverage or exposure, whether specified as applying in any one occurrence or specified as applying at each affected location in any one occurrence, the percentage deductible will be calculated and applied as described in b. and c. above, but the dollar deductible is the minimum amount the Company will deduct in any one occurrence, or at each affected location in any one occurrence, as specified, for all loss or damage to which the deductible is stated to apply.
- e. When a maximum dollar deductible is also specified as applicable, the specified maximum deductible is the most the Company will deduct in any one occurrence for all loss or damage to which the deductible is stated to apply.

#### 4. Hour Deductibles

If the deductible for Business Income or any other time element coverage is specified in hours, the Company will not be liable for any loss incurred during the specified number of hours immediately following the start of the "period of restoration" or other applicable period during which incurred loss would otherwise be covered. The Company will then pay the amount of loss incurred for the remainder of the "period of restoration" or other applicable period during which incurred loss is covered, up to the Limit of Insurance.

#### 5. Two or More Deductibles in Any One Occurrence

If any causes of loss, coverages or types of property insured against under this policy are subject to separate deductibles and two or more of those causes of loss, coverages and/or types of property are involved in any one loss occurrence, each cause of loss, coverage and type of property loss will be adjusted separately. But the total of the deductible amounts applied will not exceed the highest deductible amount applied in that occurrence for any one involved cause of loss, coverage or type of property.

This provision does not apply to:

- a. Earth Movement, Earthquake, Earthquake Sprinkler Leakage, Flood, Windstorm or Hurricane deductibles; or
- b. Any hour deductible.

#### 6. Application of Earth Movement, Earthquake, Earthquake Sprinkler Leakage, Flood, Sewer Back-Up and Boiler and Machinery Deductibles

Any deductible shown on the Supplemental Coverage Declarations for a cause of loss listed below applies only with respect to loss or damage to which the corresponding cause of loss endorsement applies:

- a. Earth Movement;
- b. Earthquake;
- c. Earthquake Sprinkler Leakage;
- d. Flood;
- e. Sewer Back-Up; or
- f. Boiler and Machinery.

These deductibles do not apply to any loss or damage by these causes of loss that is covered in the absence of such endorsements, such as fire or explosion that results from an earth movement.

#### 7. Any Other Covered Loss Deductible

Unless otherwise specifically stated in this policy, the deductible shown in the Supplemental Coverage Declarations for "any other covered loss" applies to all causes of loss, coverages and types of property insured against under this policy for which no deductible is specifically shown in the Supplemental Coverage Declarations or in the forms or endorsements attached to this policy, except Extra Expense. No deductible applies to Extra Expense.

### C. APPRAISAL

If the Company and the Insured disagree on the value of the property, 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 a judge of a court having jurisdiction make the selection. The appraisers will state separately the value of the property, the amount of loss or the amount of net income and operating expense. 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:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, the Company will still retain its right to deny the claim.

#### **D. CANCELLATION AND NONRENEWAL**

##### **1. Cancellation**

- a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to the Company advance written notice of cancellation.
- b. The Company may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - (1) 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium; or
  - (2) 60 days before the effective date of cancellation if the Company cancels for any other reason.
- c. The Company will mail or deliver notice to the first Named Insured's last mailing address known to the Company.
- d. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. Cancellation will not affect coverage on any shipment in transit on the date of the cancellation. Coverage will continue in full force for such property in transit until it is delivered and accepted.
- e. If this policy is cancelled, the Company will send to the first Named Insured any premium refund due. If the Company cancels, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if the Company has not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

##### **2. Nonrenewal**

In the event the Company decides not to renew this policy, the Company will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 60 days before the expiration date.

#### **E. CHANGES**

This policy contains all the agreements between the Insured and the Company concerning the insurance afforded. The policy terms can be amended or waived only by written endorsement issued by the Company as part of this policy.

#### **F. CONCEALMENT, MISREPRESENTATION or FRAUD**

This policy is void in any case of fraud by the Insured as it relates to this policy at any time. It is also void if the Insured or any other person or entity insured under this policy, at any time, intentionally conceals or misrepresents a material fact concerning:

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

#### **G. CONTROL OF PROPERTY**

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

The breach of any condition of this policy 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.

#### **H. CURRENCY**

It is understood and agreed that all amounts used herein are in the currency of the United States of America and that premiums and losses are payable in United States currency. In the event of a loss adjustment involving foreign currency, the conversion into the currency of the United States of America will be at the rate of exchange quoted in *The Wall Street Journal* as of the date of the loss.

#### **I. EXAMINATION OF THE INSURED'S BOOKS AND RECORDS**

The Company may examine and audit the Insured's books and records as they relate to this policy at any time during the policy period and up to three years afterward.

#### **J. IDENTITY OF INTEREST**

If the Named Insured under this policy is comprised of more than one legal entity, liability under this policy will not exceed the amount of loss had all such interests comprised a single legal entity.

#### **K. INSPECTIONS AND SURVEYS**

The Company has the right but is not obligated to:

1. Make inspections and surveys at any time;
2. Give the Insured reports on the conditions found resulting therefrom; and
3. Recommend changes.

Neither the right to make inspections, nor the making thereof, nor any risk analysis, nor any advice or reports resulting therefrom will imply any liability, or constitute an undertaking on behalf of or for the benefit of the Insured. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. In addition, the Company does not warrant that the conditions are safe, healthful or in compliance with any law, rule, regulation, code or standard.

This condition applies not only to the Company, but also to any rating, advisory, rate service or similar organization that makes insurance inspections, surveys, reports or recommendations.

#### **L. KNOWLEDGE OF OCCURRENCE**

It is hereby understood and agreed that knowledge of an occurrence, accident, claim, loss or damage, or receipt or service of complaint, demand, notice, summons or other legal papers by the agent, servant or employee of the Insured will not in itself constitute knowledge or receipt by the Insured unless an executive officer or risk manager of the Named Insured has such knowledge or receives or is served such documents or notice from its agent, servant or employee.

#### **M. LEGAL ACTION AGAINST THE COMPANY**

No one may bring a legal action against the Company under this policy unless:

1. There has been full compliance with all of the terms of this policy; and
2. The action is brought in the United States of America, in a court having proper jurisdiction, within 2 years after the date on which the direct physical loss or damage occurred.

#### **N. LIBERALIZATION**

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

**O. LIMITS OF INSURANCE**

The most the Company will pay for all loss or damage in any one occurrence under this policy is the Policy Limit shown in the Supplemental Coverage Declarations. All other specified Limit(s) of Insurance shown in the Supplemental Coverage Declarations, Schedule(s), Coverage Form(s) or endorsement(s) are included within, and do not increase, the Policy Limit.

Subject to the Policy Limit:

1. The most the Company will pay in any one occurrence for any loss or damage to which a specific Limit of Insurance applies is the applicable specified Limit of Insurance.
2. Under the Property Coverage Form, unless otherwise stated in the Supplemental Coverage Declarations, or by endorsement:
  - a. Payments under the following Covered Costs and Expenses will not increase the applicable Covered Property Limit(s) of Insurance:
    - (1) Debris Removal. But if a Limit of Insurance for Debris Removal (additional) is specified in the Supplemental Coverage Declarations, that Limit of Insurance will apply in addition to the applicable Covered Property Limit(s) of Insurance;
    - (2) Fire Department Service Charge;
    - (3) Fire Protective Equipment Discharge;
    - (4) Preservation of Property;
    - (5) Protection of Property; and
    - (6) Water Damage, Other Liquids, Powder or Molten Material Damage.
  - b. The Limits of Insurance that are specified for the remaining Covered Costs and Expenses are in addition to the Covered Property Limit(s) of Insurance.
3. Under the Business Income Coverage Forms or the Extra Expense Coverage Form, unless otherwise stated in the Supplemental Coverage Declarations, or by endorsement:
  - a. Payments under the following Additional Coverage Extensions will not increase the Limit(s) of Insurance that applies to Business Income, Rental Value and/or Extra Expense:
    - (1) Civil Authority;
    - (2) Extended Business Income or Rental Value (Business Income Coverage Forms only);
    - (3) Expenses to Reduce Loss (Business Income Coverage Form Excluding Extra Expense only).
  - b. The Limits of Insurance that are specified for the remaining Additional Coverage Extensions are additional amounts of insurance.
4. Unless otherwise specified in the Supplemental Coverage Declarations, or by endorsement, when a Limit of Insurance is specified as applying separately "at each affected location, in any one occurrence" or on a per location basis, the description of a "location" contained in provision 1. of the Application Of Deductibles condition in Section B. of this form will apply.

**P. LOSS PAYMENT**

1. In the event of loss or damage to property covered by this policy, at the option of the Company, the Company will either:
  - a. Pay the value of lost or damaged property;
  - b. Pay the cost of repairing or replacing the lost or damaged property subject to 2. below;
  - c. Take all or any part of the property at an agreed or appraised value; or
  - d. Repair, rebuild, or replace the property with other property of like kind, size and quality subject to 2. below.
2. Except as otherwise specifically provided in this policy, the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

3. The Company will give notice of its intentions within 30 days after the Company receives the proof of loss it requires.
4. The Company will not pay the Insured more than the Insured's financial interest in the Covered Property.
5. The Company may adjust losses with the owners of lost or damaged property if other than the Insured. If the Company pays the owners, such payments will satisfy the Insured's claims against the Company for the owner's property. The Company will not pay the owners more than their financial interest in the Covered Property.
6. The Company may elect to defend the Insured against suits arising from claims of owners of property. The Company will do this at its own expense.
7. The Company will pay for covered loss or damage within 30 days after the Company receives the sworn proof of loss it requires, if:
  - a. The Insured has complied with all of the terms of this policy; and
  - b. The Company has reached agreement with the Insured on the amount of loss or an appraisal award has been made.
8. At the option of the Company, the Company may make a partial payment toward any claims, subject to the policy provisions and the Company's normal adjustment process. To be considered for a partial claim payment, the Insured must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.
9. If two or more of this policy's coverages apply to the same loss or damage, the Company will not pay more than the actual amount of the loss or damage

#### **Q. MORTGAGEE INTERESTS AND OBLIGATIONS**

Loss or damage, if any, as covered under this policy, will be payable to each mortgagee (or trustee) designated herein in order of their precedence as their interests may appear. With respect to the mortgagee's (or trustee's) interest, this insurance will not be invalidated by any act of the Insured (mortgagor or owner), nor by any foreclosure or other similar proceedings or notice of sale relating to the property, nor by any change in title or ownership of the property, provided that:

1. In the event the Insured (mortgagor or owner) has neglected to pay any premium due under this policy, the mortgagee (or trustee), at the request of the Company, pays the same;
2. The mortgagee (or trustee) has notified the Company of any change in ownership, occupancy or increase in the risk or hazards known to the mortgagee (or trustee) and, at the request of the Company, pays the premium for such increased risk or hazards; and
3. The mortgagee (or trustee) submits a signed, sworn proof of loss within sixty (60) days after having been notified by the Company that the Insured (mortgagor or owner) has failed to do so.

In the event the Company pays the mortgagee (or trustee) for any loss or damage covered under this policy and therefore claims that as to the Insured (mortgagor or owner) no liability existed, the Company will be subrogated to all the rights, to the extent of such payment, of the party to whom such payment was made. The Company may, at the Company's option, pay to the mortgagee (or trustee) the whole principal due plus any accrued interest. Thereupon, the Company will receive a full assignment and transfer of the mortgage and other such securities and the remaining mortgage debt will be payable by the Insured (mortgagor or owner) to the Company.

The Company reserves the right to cancel this policy at any time as provided by its terms but, in such case, this policy will continue in force for the benefit only of the mortgagee (or trustee) for ten (10) days after notice to the mortgagee (or trustee) of cancellation for nonpayment of premium or sixty (60) days after notice to the mortgagee (or trustee) of cancellation for any other reason. In the event the Company elects not to renew this policy, the Company will give written notice to the mortgagee (or trustee) at least thirty (30) days prior to the expiration of this policy.

#### **R. NO BENEFIT TO BAILEE**

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

#### **S. NO REDUCTION BY LOSS**

Except with respect to any aggregate limit(s) or aggregate sublimit(s) of insurance in this policy, it is mutually understood and agreed that the amount of insurance will not be reduced by the payment of losses under this policy.

#### **T. NOTICE OF LOSS AND DUTIES IN THE EVENT OF LOSS OR DAMAGE**

1. The Insured must see that the following are done in the event of loss of or damage:
  - a. Notify the police if a law may have been broken.
  - b. Give the Company prompt notice of the loss or damage. Include a description of the property involved.
  - c. As soon as possible, give the Company a description of how, when, and where the loss or damage occurred.
  - d. Promptly make claim in writing against any other party, which had custody of the Covered Property at the time of loss.
  - e. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, the Company 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.
  - f. At the request of the Company, give the Company complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
  - g. As often as may be reasonably required, permit the Company to inspect the property and records proving the loss or damage and examine the Insured's books and records.  
Also permit the Company to take samples of damaged and undamaged property for inspection, testing and analysis and permit the Company to make copies from the Insured's books and records.
  - h. Send the Company a signed, sworn proof of loss containing the information that the Company requests to investigate the claim. The Insured must do this within 60 days after the Company's request. The Company will supply the Insured with the necessary forms.
  - i. Cooperate with the Company in the investigation or settlement of the claim.
2. The Company 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.

#### **U. OTHER INSURANCE**

1. Underlying Insurance  
Permission is granted to the Insured to purchase insurance on all or any part of the deductibles of this policy, and the existence of such underlying insurance will not prejudice any recovery otherwise payable under this policy. If the limits of such underlying insurance exceed the deductible which would apply under this policy, then the insurance provided by this policy will apply only as excess after the limits applicable to the underlying insurance, including that portion which exceeds such deductible, have been exhausted.
2. Excess Insurance  
Permission is granted to the Insured to have excess insurance over the Limit(s) of Insurance set forth in this policy without prejudice to this policy. The existence of such insurance will not reduce the Company's liability under this policy.
3. Other Insurance Subject to Same Plan, Terms, Conditions and Provisions  
In the event the Insured has other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy, the Company will pay its share of the covered loss or damage. The Company's share is the proportion that the applicable Limit of Insurance under this policy bears to the Limits of Insurance of all insurance covering on the same basis.

If there is other insurance covering the same loss or damage, other than that described above, the Company will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance,

whether the Insured can collect on it or not. But, the Company will not pay more than the applicable Limit of Insurance.

#### **V. POLICY PERIOD AND TERRITORY**

Under this policy, the Company will cover loss or damage that commences during the policy period as specified in the Declarations and, except as otherwise specifically provided, within the Policy Territory. The Policy Territory is:

1. The United States of America (including its territories and possessions);
2. Puerto Rico; and
3. Canada.

#### **W. RECOVERED PROPERTY**

In the event either the Insured or the Company recovers any property after loss settlement, that party must give the other prompt notice. At the option of the Insured, the property will be returned to the Insured. The Insured must then return to the Company the amount the Company paid to the Insured for the property.

1. The Company will pay:
  - a. Recovery expenses; and
  - b. Costs to repair the recovered property;
2. But the amount the Company pays will not exceed:
  - a. The total of 1. a. and 1. b. above;
  - b. The value of the recovered property; or
  - c. The Limit of Insurance;
 whichever is less.

#### **X. SUBROGATION AND SUBROGATION WAIVER**

##### **1. Subrogation – Transit**

The following subrogation provisions apply to any transit coverage provided under this policy:

- a. If any person or organization to or for whom the Company makes payment under any transit coverage provisions of this policy has rights to recover damages from another, those rights are transferred to the Company to the extent of such payment. That person or organization must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them.
- b. Insurance under the transit coverage provisions will be null and void if any Insured does any act or enters into any agreement, before or after loss, which in any way releases, impairs or destroys the right to recover against any carrier for hire, or other party liable for the loss, or transfers such right to anyone other than the Company. Even if the transit coverage becomes null and void, the Company has the right to retain and recover the premium for this coverage. The Insured does have permission to accept the limited liability form receipts or bills of lading commonly used by carriers for hire without prejudice to this coverage. The Company is not liable however, for any loss that is settled or compromised without the written consent of the Company.
- c. If the Company pays for loss or advances or loans money under the transit coverage, the Insured will, upon request and at the expense of the Company, make claim upon and institute legal proceedings against any carrier, bailee or other party liable for the loss. At the option of the Company, such claims or legal proceedings may be instituted in the name of the Insured. The Insured agrees to fully cooperate with the Company in making such claims and prosecuting such legal proceedings.

##### **2. Subrogation – All Other Coverages**

If any person or organization to or for whom the Company makes payment under this policy has rights to recover damages from another; those rights are transferred to the Company to the extent of such payment. That person or organization must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them. The Company will be entitled to priority of recovery against any such third party (including interest) to the extent payment has been made by the Company, plus attorney's fees, expenses or costs incurred by the Company.

But, the Insured may waive its rights against another party by specific written agreement:

- a. Prior to a loss to Covered Property.
- b. After a loss to Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm owned or controlled by the Insured or that owns or controls the Insured; or
  - (3) The Insured's tenant.

Such waiver will not invalidate or restrict this insurance.

**Y. TRANSFER OF THE INSURED'S RIGHTS AND DUTIES UNDER THIS POLICY**

The Insured's rights and duties under this policy may not be transferred without the written consent of the Company except in the case of death of an individual Named Insured. If an individual Named Insured dies, the Insured's rights and duties will be transferred to the Insured's legal representative but only while acting within the scope of duties as the Insured's legal representative. Until the Insured's legal representative is appointed, anyone having proper temporary custody of the Insured's property will have rights and duties but only with respect to that property.

**Z. UNINTENTIONAL ERRORS IN DESCRIPTION**

The insurance provided by this policy is extended to apply with respect to loss or damage to property at locations within the Policy Territory that are owned, leased or operated by the Insured, if such loss or damage is not payable under this policy due solely to any unintentional error in the description of the address of the property. But this will not increase any Limits of Insurance that apply under this policy.

Upon discovery of the unintentional error, the Insured will report the correct information to the Company. An additional premium may be charged based upon the corrected information.

## REPLACEMENT COST

This endorsement modifies the Property Coverage Form.

The following Valuation Provisions are added:

### A. REPLACEMENT COST

In the event of a covered loss or damage, the Company will determine the value of Covered Property at replacement cost as of the time and place of loss, without deduction for physical deterioration, depreciation, obsolescence and depletion, except as otherwise provided in this endorsement or as stipulated by any other endorsement(s) attached to this policy. This replacement cost valuation is subject to the following conditions:

1. The Company will not pay more on a replacement cost basis than the least of:
  - a. The cost to repair, rebuild or replace, at the same site, the lost, damaged or destroyed property, with other property of comparable size, material and quality; or
  - b. The actual amount incurred by the Insured that is necessary to repair, rebuild or replace the lost, damaged or destroyed property; or
  - c. The Limit of Insurance applicable to the lost, damaged or destroyed property.
2. The Company will not pay for any loss or damage on a replacement cost basis until the property is repaired, rebuilt or replaced, and then only if such repair, rebuilding or replacement is made as soon as reasonably possible after the loss or damage. If the property is not repaired, rebuilt or replaced as soon as reasonably possible after the loss or damage, the value of the property will be determined at "Actual Cash Value". This restriction does not apply to losses less than \$25,000.
3. For property to which this replacement cost valuation applies, the Insured may make a claim for loss or damage on an "Actual Cash Value" basis instead of on a replacement cost basis. In the event the Insured elects to have loss or damage settled on an "Actual Cash Value" basis, the Insured may still make a claim on a replacement cost basis if the Insured notifies the Company within 180 days after the loss or damage.
4. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property unless a Limit of Insurance is specified for Ordinance or Law in the Supplemental Coverage Declarations, and then only to the extent provided under that coverage.
5. In the event the Insured decides to repair, rebuild or replace the damaged or destroyed property, payment will include any reasonable and necessary architectural, engineering, consulting or supervisory fees related to the construction, repair or replacement of the damaged or destroyed property. This will not increase the applicable Limits of Insurance.

### B. REPLACEMENT COST EXCEPTIONS

1. Valuable Papers and Records and Electronic Data Processing Data and Media will be valued as follows:
  - a. At the Insured's cost to research, replace or restore the lost information on lost, damaged or destroyed Valuable Papers and Records or Electronic Data Processing Data and Media for which duplicates do not exist;
  - b. At the cost of blank materials or media and the cost of copying data onto blank materials or media when duplicates of the papers, records or data exist;
  - c. At the cost of blank materials or media of the same kind and quality if the papers, records or data are not replaced;
  - d. At the specified amount per article for those articles which are specifically declared, described and valued in a schedule forming a part of this policy.
2. Brands and Labels - If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss and the Company takes all or part of the property at an agreed or appraised value, the Company will also pay:

- a. Any expenses incurred by the Insured to:
  - (1) Stamp the word `Salvage' on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
  - (2) Remove the brands or labels, if doing so will not physically damage the merchandise. The Insured must relabel the merchandise or its containers to comply with the law.

- b. Any reduction in the salvage value of the damaged merchandise with the brands or labels removed.

But this will not increase the Limit(s) of Insurance applicable to the lost or damaged property.

- 3. "Electronic Data Processing Equipment" will be valued on a replacement cost basis as provided in Section A. of this endorsement. However, in the event replacement of "Electronic Data Processing Equipment" with identical property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.
- 4. "Fine Arts" will be valued at the least of:
  - a. The cost of reasonably restoring that property; or
  - b. The cost of replacing that property, at the time and place of loss, with substantially the same property; or
  - c. The market value of the property at the time and place of loss or, if the article of property is specifically declared, described and valued in a schedule forming a part of this policy, the amount per article specified in the Schedule.
- 5. "Finished Stock" will be valued at the selling price less discounts and expenses the Insured otherwise would have had.
- 6. Pairs, Sets, or Parts
  - a. Pairs or Sets - In case of loss to any part of a pair or set, the Company may, at its option:
    - (1) Repair or replace any part to restore the pair or set to its value before the loss; or
    - (2) Pay the difference between the value of the pair or set before and after the loss.
  - b. Parts - In case of loss to any part of Covered Property consisting of several parts when complete, the Company will only pay for the value of the lost or damaged part.
- 7. Patterns, dies, molds, and forms not in current usage will be valued at "Actual Cash Value". If loss is paid on an "Actual Cash Value" basis, and within 24 months from the date of the loss the Insured needs to repair or replace one or more of the items, the Company will pay the Insured, subject to the conditions of this insurance, the difference between "Actual Cash Value" and replacement cost for those patterns, molds and dies which are actually repaired or replaced.
- 8. Business Personal Property sold by the Insured but not delivered will be valued at the selling price less discounts and expenses the Insured otherwise would have had.
- 9. Business Personal Property of Others will be valued at the amount for which the Insured is liable, not to exceed the replacement cost.
- 10. "Stock in Process" will be valued at the cost of "raw stock", labor expended, plus the proper proportion of overhead charges.
- 11. Tenant's Improvements and Betterments will be valued at:
  - a. Replacement cost of the damaged or destroyed property (subject to the provisions of Section A. above) if the insured tenant makes the repairs or replaces promptly.
  - b. A proportion of the insured tenant's original cost if the insured tenant does not make repairs promptly. The Company will determine the proportionate value as follows:
    - (1) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (2) Divide the amount determined in (1) above by the number of days from the installation of improvements to the expiration of the lease.

If the insured tenant's lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

c. If repaired or replaced at the expense of others, there will be no liability hereunder.

12. "Vacant" property will be valued at "Actual Cash Value".

**C. ADDITIONAL DEFINITION**

The following definition is in addition to those contained in the Property Coverage Form.

**"Actual Cash Value"** means the cost to repair, rebuild or replace the lost or damaged property, at the time and place of the loss, with other property of comparable size, material and quality, less allowance for physical deterioration, depreciation, obsolescence and depletion.

## **EXTRA EXPENSE DEDUCTIBLE**

Under the General Conditions, the last sentence of Section B., APPLICATION OF DEDUCTIBLES, which states that no deductible applies to Extra Expense, does not apply. The Extra Expense coverage provided under this policy is subject to the applicable deductible(s) indicated in the Supplemental Coverage Declarations or in the forms or endorsements attached to this policy.

## **CLAIM DATA EXPENSE ENDORSEMENT**

This endorsement modifies insurance provided under the Property Coverage Form, the Business Income Coverage Form and the Extra Expense Coverage Form.

The following is added to the Claim Data Expense coverage:

The Company will not pay for any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without the Company's written consent prior to such expenses being incurred.

## **PROHIBITED COVERAGE – UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS**

This endorsement modifies the General Conditions.

The following conditions are added:

### **1. PROHIBITED COVERAGE – UNLICENSED INSURANCE**

- a. With respect to loss sustained by any Insured, or loss to any property, located in a country or jurisdiction in which the Company is not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
- b. The Company does not assume responsibility for:
  - (1) The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because the Company is not licensed to provide insurance in such country or jurisdiction; or
  - (2) The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which the Company is not licensed to provide insurance.

### **2. PROHIBITED COVERAGE – TRADE OR ECONOMIC SANCTIONS**

The Company will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose the Company or any of the Company's affiliated or parent companies to:

- a. Any trade or economic sanction under any law or regulation of the United States of America; or
- b. Any other applicable trade or economic sanction, prohibition or restriction.

## HIGH HAZARD EARTH MOVEMENT AREAS – U.S.A.

The following listing of high hazard Earth Movement areas, consisting of high hazard counties by State, and high hazard areas of U.S.A. territories and possessions, is provided to determine applicable Coverage, Limit(s) of Insurance and Deductible(s) referred to in the Supplemental Coverage Declarations for Earth Movement occurring in High Hazard Areas in the United States of America (including its territories and possessions).

STATE	HIGH HAZARD COUNTIES
<b>Arkansas</b>	Clay
	Mississippi
<b>Illinois</b>	Pulaski
<b>Kentucky</b>	Fulton
	Hickman
<b>Missouri</b>	Dunklin
	Mississippi
	New Madrid
	Pemiscot
<b>Tennessee</b>	Dyer
	Lake
	Lauderdale
	Obion
	Tipton

U.S.A. TERRITORY/POSSESSION	HIGH HAZARD AREA
<b>American Samoa</b>	Entire Territory/Possession
<b>Guam</b>	Entire Territory/Possession
<b>Northern Mariana Islands</b>	Entire Territory/Possession
<b>U.S. Virgin Islands</b>	Entire Territory/Possession
<b>All other U.S.A. territories and possessions, other than Puerto Rico</b>	Entire Territory/Possession

## LOSS PAYABLE PROVISIONS

This endorsement modifies the General Conditions.

Each of the following Loss Payment provisions, A., B. and C., is added to Section P. Loss Payment contained in the General Conditions, only as indicated in the Schedule in D. below:

### A. LOSS PAYABLE

For Covered Property in which both the Insured and a Loss Payee shown in the Schedule below have an insurable interest, the Company will:

1. Adjust losses with the Insured; and
2. Pay any claim for loss or damage jointly to the Insured and the Loss Payee, as their interests may appear.

### B. LENDER'S LOSS PAYABLE

1. The Loss Payee shown in the Schedule below is a creditor, including a mortgagee or trustee, whose interest in Covered Property is established by such written instruments as:

- a. Warehouse receipts:
- b. A contract for deed:
- c. Bills of lading:
- d. Financing statements; or
- e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both the Insured and a Loss Payee have an insurable interest:

- a. The Company will pay for covered loss or damage to each Loss Payee in their order of precedence, as their interests may appear.
- b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- c. If the Company denies the Insured's claim because of the Insured's acts or because the Insured has failed to comply with terms of this policy, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
  - (1) Pays any premium due under this policy at the Company's request if the Insured has failed to do so;
  - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from the Company of the Insured's failure to do so; and
  - (3) Has notified the Company of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this policy will then apply directly to the Loss Payee.

- d. If the Company pays the Loss Payee for any loss or damage and denies payment to the Insured because of the Insured's acts or because the Insured has failed to comply with the terms of this policy:
  - (1) The Loss Payee's rights will be transferred to the Company to the extent of the amount the Company pays; and
  - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At the Company's option, the Company may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the Insured will pay it's remaining debt to the Company.

3. If the Company cancels this policy, the Company will give written notice to the Loss Payee at least:

- a. 10 days before the effective date of cancellation if the Company cancels for the Insured's non-payment of premium; or
  - b. 60 days before the effective date of cancellation if the Company cancels for any other reason.
4. If the Company elects not to renew this policy, the Company will give written notice to the Loss Payee at least 30 days before the expiration date of this policy.

**C. CONTRACT OF SALE**

- 1. The Loss Payee shown in the Schedule below is a person or organization the Insured has entered a contract with for the sale of Covered Property.
- 2. For Covered Property in which both the Insured and the Loss Payee have an insurable interest, the Company will:
  - a. Adjust losses with the Insured; and
  - b. Pay any claim for loss or damage jointly to the Insured and the Loss Payee, as interest may appear.
- 3. The following is added to Item U. Other Insurance contained in the General Conditions:  
 For Covered Property that is the subject of a contract of sale, the word "Insured" includes the Loss Payee.

**D. SCHEDULE**

<b>Insured Premises Address</b>	<b>Description of Covered Property</b>	<b>Loss Payee Name &amp; Address</b>	<b>Loss Payable Provision Applicable</b>
As per Schedule on File with the Company	As per Schedule on File with the Company	As per Schedule on File with the Company	A Unless otherwise indicated

**EXCLUSION - CERTAIN COMPUTER RELATED LOSSES DUE TO DATES OR TIMES  
(Property and Boiler and Machinery Coverages)**

This endorsement modifies insurance provided under the following:

Property Coverages  
Boiler And Machinery Coverages

- a. This policy does not insure against loss or damage caused consisting of or caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss except as provided in B.
1. The failure, malfunction or inadequacy or the inability to use or have access to:
    - a. Any of the following, whether belonging to the Insured or to others:
      - (1) computer hardware, including microprocessors;
      - (2) computer application software;
      - (3) computer operating systems and related software;
      - (4) computer networks;
      - (5) microprocessors (computer chips) not part of any computer system;
      - (6) any other computerized or electronic equipment or components; or
    - b.. Any other products or services that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 1.a. of this endorsement;
 

due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.
  2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by or for the Insured to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in paragraph A.1. above.
  3. The destruction, disruption, distortion or corruption of any computer data, coding, program or software if related to dates or times due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.
- B. If an excluded Type or Cause of Loss as described in A. 1., 2. and 3. of this endorsement results in:
1. A Covered Cause of Loss under the Property Coverages then this policy shall pay only for such resulting direct physical loss or damage subject to the following exceptions:
 

This policy will not pay for resulting loss or damage if the cause of loss is:

    - a. Mechanical or machinery breakdown; or
    - b. Artificially generated electrical current, including electrical arcing, that disturbs items in paragraph A.1. above

unless fire results, and then this policy shall pay only for the direct physical loss or damage caused by that fire.
  2. An accident to an object under the Boiler and Machinery Coverages then this policy shall pay only for such resulting direct physical loss or damage.
- C. This policy does not insure against any preventive or remedial costs to repair or modify any items in A.1.a. and b. above to correct any actual or potential deficiencies or change any features of logic or operation.
- D. This policy does not insure against any expense incurred by the insured or others in the defense, safeguarding, protecting or recovering of property whether before or after loss due to any actual or potential loss excluded in paragraph A. above.

## CALIFORNIA CHANGES

This endorsement modifies insurance provided under this policy with respect to all locations in and coverages provided with respect to locations in the state of California.

**A.** With respect to an "open policy", the following are added to any provision which uses the term actual cash value:

1. In the event of a total loss to a building or structure, actual cash value is calculated as the lesser of the following:
  - a. The Limit of Insurance applicable to that building or structure; or
  - b. The fair market value of the building or structure.
2. In the event of a partial loss to a building or structure, actual cash value is calculated as the lesser of the following:
  - a. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
  - b. The Limit of Insurance applicable to the property.
3. In the event of a partial loss or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
  - a. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
  - b. The Limit of Insurance applicable to the property.
4. An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

**B. CHANGES TO THE GENERAL CONDITIONS**

1. Section F., CONCEALMENT, MISREPRESENTATION OR FRAUD, is replaced by the following with respect to loss ("loss") or damage caused by fire:
 

The Company does not provide coverage to the Insured ("Insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance occurring:

  - a. This policy;
  - b. The Covered Property
  - c. That Insureds' (Insureds') interest in the Covered Property; or
  - d. A claim under this policy.
2. Section F., CONCEALMENT, MISREPRESENTATION OR FRAUD, is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:
 

This policy is void if any Insured ("Insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material of fact or circumstance concerning:

  - a. This policy;
  - b. The Covered Property
  - c. That Insureds' (Insureds') interest in the Covered Property; or
  - d. A claim under this policy.

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## ILLINOIS CHANGES

This endorsement modifies insurance provided under this policy with respect to all locations in and coverages provided with respect to locations in the state of Illinois.

### A. CHANGES TO THE GENERAL CONDITIONS

1. The following applies to Section C., APPRAISAL:

If this policy covers:

a. The following in a. and b., then Paragraphs b. and 2. apply:

- (1) Real property used principally for residential purposes up to and including a four family dwelling; or
- (2) Household or personal property that is usual or incidental to the occupancy of any premises used for residential purposes;

b. Section C., APPRAISAL, is amended in part to read:

- (1) Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally, except as provided in (2) below.
- (2) The Company will pay the Insured's appraiser fee and the umpire's appraiser fee, if the following conditions exist:
  - (i) The Insured demanded the appraisal; and
  - (ii) The full amount of loss, as set by the Insured's appraiser, is agreed to by the Company's appraiser or by the umpire.

2. Section F., Concealment, Misrepresentation Or Fraud, is replaced by the following:

F. Concealment, Misrepresentation Or Fraud

1. This policy is void if the Insured or any other person or entity insured under this policy, at any time, commits fraud or conceals or misrepresents a fact in the process leading to the issuance of this insurance, and such fraud, concealment or misrepresentation is stated in the policy or endorsement or in the written application for this policy and:
  - a. Was made with actual intent to deceive; or
  - b. Materially affected either the Company's decision to provide this insurance or the hazard assumed by the Company.

However, this condition will not serve as a reason to void this policy after the policy has been in effect for one year or one policy term, whichever is less.

2. This policy is void if the Insured or any other person or entity insured under this policy, at any time subsequent to the issuance of this insurance, commits fraud or intentionally conceals or misrepresents a material fact relating to:
  - a. This policy;
  - b. The Covered Property;
  - c. The Insured's interest in the Covered Property; or
  - d. A claim under this policy.
3. Notwithstanding the limitations stated in 1. above, the Company may cancel this policy in accordance with the terms of the Cancellation and Nonrenewal General Condition.

3. The following is added to Section M., LEGAL ACTION AGAINST THE COMPANY:

The two year period for legal action against the Company is extended by the number of days between the date the proof of loss is filed with the Company and the date the Company denies the claim in whole or part.

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**B. CHANGE TO THE PROPERTY COVERAGE FORM**

The following exclusion and related provisions are added to Section D.2., EXCLUSIONS in the Property Coverage Form:

1. The Company will not pay for loss or damage arising out of any act an Insured commits or conspires to commit with the intent to cause a loss.  
In the event of such loss, no Insured is entitled to coverage, even Insured's who did not commit or conspire to commit the act causing the loss.
2. However, this exclusion will not apply to deny payment to an innocent co-Insured who did not cooperate in or contribute to the creation of the loss if:
  - a. The loss arose out of a pattern of criminal domestic violence; and
  - b. The perpetrator of the loss is criminally prosecuted for the act causing the loss.
3. If the Company pays a claim pursuant to B.2. of this endorsement, the Company's payment to the Insured is limited to that Insured's insurable interest in the property less any payments the Company first made to a mortgagee or other party with a legal secured interest in the property. In no event will the Company pay more than the Limit of Insurance.

## OHIO CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under this policy.

The GENERAL CONDITIONS form is amended as follows:

A. Section D. CANCELLATION AND NONRENEWAL, Item 1.b. is replaced with the following:

b. (1) Cancellation Of Policies In Effect For 90 Days or Less

If this policy has been in effect for 90 days or less, the Company may cancel this policy by mailing or delivering to the first Named Insured and the producer of record written notice of cancellation, stating the reason for cancellation, at least:

- (a) 10 days before the effective date of cancellation, if the Company cancels for nonpayment of premium; or
- (b) 60 days before the effective date of cancellation, if the Company cancels for any other reason.

(2) Cancellation Of Policies In Effect For More than 90 Days.

If this policy has been in effect for more than 90 days or is a renewal of a policy the Company issued, the Company may cancel this policy, only for one or more of the reasons listed below, by mailing or delivering to the first Named Insured and the producer of record written notice of cancellation, stating the reason for cancellation, at least:

- (a) 10 days before the effective date of cancellation, if the Company cancels for nonpayment of premium; or
- (b) 30 days before the effective date of cancellation, if the Company cancels for one or more of the following reasons:
  - (i) Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted thereunder;
  - (ii) Discovery of a moral hazard or willful or reckless acts or emissions on the Insured's part which increases any hazard insured against;
  - (iii) The occurrence of a change in the individual risk which substantially increases any hazard insured against after the insurance coverage has been issued or renewed except to the extent the insurer could reasonably have foreseen the change or contemplated the risk in writing the contract;
  - (iv) Loss of applicable reinsurance or a substantial decrease in applicable reinsurance, if the Superintendent has determined that reasonable efforts have been made to prevent the loss of, or substantial decrease in, the applicable reinsurance, or to obtain replacement coverage;
  - (v) Failure of an insured to correct material violations of safety codes; or
  - (vi) A determination by the Superintendent of Insurance that the continuation of the policy would create a condition that would be hazardous to the policyholders or the public.

(3) Anniversary Cancellation

Policies written for a term of more than one year or on a continuous basis may be cancelled by the Company for any reason, by mailing or delivering to the first Named Insured and the producer of record written notice of cancellation, stating the reason for cancellation, at least 60 days before the anniversary date of the policy. Such cancellation will be effective on the policy's anniversary date.

B. Section D., CANCELLATION AND NONRENEWAL, Item 2., Nonrenewal, is replaced with the following:

2. Nonrenewal

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If the Company decides not to renew this policy, the Company will mail written notice of nonrenewal to the first Named Insured and the producer of record, at the last mailing addresses known to the Company at least 60 days before the expiration date of this policy. The notice will contain the date of the notice, the policy number, and will state the expiration date of the policy. Proof of mailing will be sufficient proof of notice.

## OHIO CHANGES

This endorsement modifies insurance provided under this policy with respect to all locations in, and coverages provided with respect to location in, the state of Ohio.

The GENERAL CONDITIONS FORM is amended as follows:

A. The following is added to Section F., CONCEALMENT, MISREPRESENTATION OR FRAUD:

Any person who, with the intent to defraud or knowing that he is facilitating a fraud against the Company, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

B. Under Section P., LOSS PAYMENT, item 3. and item 7. are replaced with the following:

3. In the event of loss or damage covered under this policy, the Company will give the Insured notice, within 21 working days after the Company receives a properly executed proof of loss, that the Company:

- a. Accepts the Insured's claim;
- b. Denies the Insured's claim; or
- c. Needs more time to determine whether the Insured's claim should be accepted or denied.

If the Company denies the Insured's claim, such notice will be in writing and will state any policy provision, condition or exclusion used as a basis for the denial.

If the Company needs more time to determine whether the Insured's claim should be accepted or denied, the written notice will state the reason(s) why more time is needed.

If the Company has not completed its investigation, the Company will notify the Insured again in writing, within 45 days after the date the initial notice is sent as provided in 3.c. and thereafter every 45 days. The written notice shall state why more time is needed to investigate the Insured's claim.

7. The Company will pay for covered loss or damage within 10 days after the Company receives the sworn proof of loss it requires if:

- a. The Insured has complied with all the terms of this policy; and
- b. The Company has reached agreement with the Insured on the amount of loss or an appraisal award has been made.

**NOTICE TO POLICY HOLDERS**

**JURISDICTIONAL INSPECTIONS OF EQUIPMENT IN THE  
UNITED STATES OF AMERICA  
(INCLUDING ITS TERRITORIES AND POSSESSIONS)**

Dear Policyholder,

Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters, pressure vessels, etc. Periodic inspections are normally required to renew these certificates. In most jurisdictions, insurance company employees who have been licensed by the jurisdictions are authorized to perform these inspections.

If:

- You own or operate equipment that requires a certificate from a state or city within the United States of America (including its territories and possessions) to operate legally, and
- We insure that equipment under this Policy, and
- You would like us to perform the next required inspection;

Then:

Call this toll-free number – **1-800-425-4119**

When you call this number, our representative will ask you for the following information:

- Name of your business (as shown on this Policy)
- Policy Number
- Location where the equipment is located, including Zip Code
- Person to contact and phone number for scheduling of inspection
- Type of equipment requiring inspection
- Certificate inspection date and certificate number

Or:

Fill in the information on the following form and fax it to the toll free number indicated on that form.

Please note the following:

- Your jurisdiction may charge you a fee for renewing a certificate. It is your responsibility to pay such a fee.
- All the provisions of the INSPECTIONS AND SURVEYS Condition apply to the inspections described in this notice.

**REMINDER**

If new equipment is installed or old equipment replaced that requires a jurisdictional inspection please let us know by calling our toll free number listed above.

## REQUEST FOR JURISDICTIONAL INSPECTION OF EQUIPMENT IN THE UNITED STATES OF AMERICA (INCLUDING ITS TERRITORIES AND POSSESSIONS)

Name of Business (as shown on policy): \_\_\_\_\_

Policy Number: \_\_\_\_\_

Location of Equipment:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

City

State

Zip Code

Inspection Contact Name for ALL locations: \_\_\_\_\_

Phone: \_\_\_\_\_

Equipment Type	Certificate Number	Certificate Expiration Date

*Fax Form to 1 877-764-9535*

Completed by: \_\_\_\_\_ Phone Number: \_\_\_\_\_

## **IMPORTANT NOTICE REGARDING INDEPENDENT AGENT AND BROKER COMPENSATION**

For information about how Travelers compensates independent agents and brokers, please visit [www.Travelers.com](http://www.Travelers.com), or you may request a written copy from Marketing at One Tower Square, 2GSA, Hartford, Connecticut 06183.

**Toll Free Telephone Number: 1-866-904-8348**

## **IMPORTANT NOTICE – COMPLAINTS - ILLINOIS**

**NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.**

If you are having problems you may contact your insurance agent directly or you may contact the company at:

Mail: Consumer Affairs  
One Tower Square,  
Hartford, CT 06183

Phone: (860) 277-1561 or

Email: [consumeraffairs@travelers.com](mailto:consumeraffairs@travelers.com)

The address of the consumer complaint division of the Illinois Department of Insurance is:

Illinois Department of Insurance  
Consumer Division  
320 W Washington St  
Springfield, IL 62767

Complaints may also be filed electronically to the Illinois Department of Insurance at [\[redacted\]](#)

## FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement provides supplementary information regarding the insurance provided under this policy.

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

- 85% with respect to such Insured Losses occurring in calendar year 2015.
- 84% with respect to such Insured Losses occurring in calendar year 2016.
- 83% with respect to such Insured Losses occurring in calendar year 2017.
- 82% with respect to such Insured Losses occurring in calendar year 2018.
- 81% with respect to such Insured Losses occurring in calendar year 2019.
- 80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses is included in the total premium for this policy. The charge that has been included for such Insured Losses under this policy is the amount indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under the TRIA:

\$ 20,000

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies the insurance provided under this policy.

The following is added to this policy. This provision can limit coverage for any loss arising out of a "certified act of terrorism" if such loss is otherwise covered by this policy.

If aggregate insured losses attributable to "certified acts of terrorism" exceed \$100 billion in a calendar year and the Company has met its insurer deductible under "TRIA", the Company will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

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

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

"TRIA" means the federal Terrorism Risk Insurance Act of 2002 as amended.

**PROPERTY COVERAGE FORM - CHANGES**

This endorsement modifies the insurance provided under the Property Coverage Form.

**A. THE PROPERTY POLICY IS AMENDED AS FOLLOWS:****B. "Outdoor Property"**

Item B.1.h. is deleted and replaced by the following:

This insurance applies to "Outdoor Property" at the Insured's premises for loss or damage caused by or resulting from a Covered Cause of Loss.

This insurance also applies to the necessary and reasonable expense incurred by the Insured to remove debris of "Outdoor Property" at the Insured's premises caused by or resulting from a Covered Cause of Loss that occurs during the policy period. Such expenses will be paid only if reported to the Company in writing within 180 days of the date of direct physical loss or damage. This will not increase the Limit of Insurance that applies to "Outdoor Property".

**B. THE FOLLOWING COVERAGES ARE ADDED:****1. Aircraft**

- a. The Company will pay for direct physical loss or damage to aircraft owned by the Insured caused by or resulting from a Covered Cause of Loss while located at Insured's premises.
- b. Aircraft is not included in the Limits of Insurance that apply to Business Personal Property.
- c. The most the Company will pay under this endorsement for physical loss or damage to aircraft in any one occurrence is the applicable Limit of Insurance specified for Aircraft shown in the Supplemental Coverage Declarations. No other Covered Property Limits stated in the policy apply to aircraft as covered under this endorsement.
- d. Under Section C., PROPERTY AND COSTS NOT COVERED, the following exclusion is added:  
Covered Property does not include aircraft except as provided within and subject to the Limit of Insurance that applies to the Aircraft additional coverage.
- e. Item 8.of Section C., PROPERTY AND COSTS NOT COVERED, does not apply to aircraft, as described in B. 1.a. above.

**2. Watercraft**

- a. The Company will pay for direct physical loss or damage to watercraft 25 feet in length or less owned by the Insured caused by or resulting from a Covered Cause of Loss. This coverage applies to watercraft while out of water and at the Insured's premises.
- b. Watercraft is not included in the Limits of Insurance that apply to Business Personal Property.
- c. The most the Company will pay under this endorsement for physical loss or damage to watercraft in any one occurrence is the applicable Limit of Insurance specified for Watercraft shown in the Supplemental Coverage Declarations. No other Covered Property Limits stated in the policy apply to watercraft as covered under this endorsement.
- d. Under Section C., PROPERTY AND COSTS NOT COVERED, the following exclusion is added:  
Covered Property does not include watercraft except as provided within and subject to the Limit of Insurance that applies to the Watercraft additional coverage.
- e. Item 8.of Section C., PROPERTY AND COSTS NOT COVERED, does not apply to watercraft as described in B. 2.a. above.

## **POLICY CHANGES GENERAL CONDITIONS**

This endorsement modifies insurance provided under the General Conditions Form.

Under Section O. LIMITS OF INSURANCE, the following is added to Item 2.:

Payments under the Ordinance or Law coverage for Loss to the Undamaged Portion of a Covered Building are included in the Limit of Insurance that applies to the loss or damage to the affected Building.

This is not additional insurance.

The Limit(s) of Insurance that apply to the Ordinance or Law coverage for Demolition and Increased Cost of Construction continue to apply in addition to the applicable Building Limit of Insurance.

**PROPERTY COVERAGE FORM - CHANGES WATERCRAFT**

This endorsement modifies the insurance provided under the Property Coverage Form.

Under the Property Coverage Form, the following coverage is added:

**Watercraft**

1. The Company will pay for direct physical loss or damage to watercraft that is:
  - a. owned by the Insured; and
  - b. described in the Schedule below; and
  - c. permanently moored at the Insured's premises shown in the Schedule below; and
  - d. caused by or resulting from for loss or damage only by the following Covered Causes of Loss:
    - (1) Fire;
    - (2) Lightning;
    - (3) Explosion;
    - (4) Riot or civil commotion;
    - (5) Vandalism or malicious mischief; or
    - (6) Aircraft or vehicles.

No other cause of loss under this policy applies to watercraft as covered by this endorsement.

2. Watercraft is not included in the Limits of Insurance that apply to Building(s) and/or Business Personal Property.
3. The most the Company will pay under this endorsement for physical loss or damage to watercraft in any one occurrence is the applicable Limit of Insurance specified in the Schedule below.

No other Covered Property Limits stated in the policy apply to watercraft as covered under this endorsement.

4. Item 8. under Section C., PROPERTY AND COSTS NOT COVERED, does not apply to watercraft, as described in 1. above.
5. SCHEDULE

Insured Watercraft	Insured Location Address	Limit of Insurance
The W.P. Snyder Jr. Towboat	Ohio River Museum 601 Front Street Marietta, OH 45831	\$1,500,000

## PROPERTY COVERAGE FORM CHANGES EVACUATION

This endorsement modifies insurance provided under the Property Coverage Form.

The following coverage is added:

### **Emergency Evacuation Expense**

1. The Company will pay for the reasonable expenses incurred by the Insured in the emergency evacuation of the Insured's "patients" or "residents" or "prisoners" from a building at the Insured's premises to protect them from imminent danger of harm or loss of life arising out of an unexpected:
  - a. External condition; or
  - b. Condition in the building at the Insured's premises;that is caused by or results from a Covered Cause of Loss.
2. All of the exclusions applicable to the Property Coverage Form apply to this coverage. In addition, the Company will not pay for any expenses under this coverage arising out of:
  - a. A strike, bomb threat, false fire alarm or planned evacuation drill; or
  - b. The evacuation of any "patients" or "residents" or "prisoners" due to their individual medical emergencies or conditions.
3. The most the Company will pay under this coverage for all expenses arising out of any one occurrence is the Emergency Evacuation Expense Limit of Insurance shown in the Supplemental Coverage Declarations.
4. As used in this coverage:
  - a. "Patients" means non-"resident" recipients of the care services provided by the Insured's care facility.
  - b. "Residents" means persons residing in and receiving the care services provided by the Insured's care facility.
  - c. "Prisoners" means persons incarcerated within the Insured's State Prison.

## POLICY CHANGES

This endorsement modifies insurance provided under this policy.

With respect only to the insurance provided under this policy for direct physical loss or damage to property occurring at the Armed Forces locations described in the Schedule below, and for loss of Business Income, Extra Expense and any other loss or damage incurred by the Armed Forces entities at such locations, the Company's liability in any one occurrence under this policy, shall not exceed 25% of the amount of covered loss or damage in excess of the applicable deductible(s), up to 25% of the Limits of Insurance that otherwise apply under this policy. This is not additional insurance.

### SCHEDULE

#### Armed Forces Locations:

<u>SITE NAME</u>	<u>FULL ADDRESS</u>	<u>RPA NAME</u>
Akron (Hawkins)	414 Hawkins Ave, Akron, OH 44313	Readiness Center
Akron (Hawkins)	414 Hawkins Ave, Akron OH 44313	DFAC
Alliance	1175 Vine St, Alliance OH 44601	Readiness Center
Beightler Armory	2825 Dublin Granville Rd, Columbus OH 43235	Shipping & Receiving
Bowling Green	1241 Newton Rd, Bowling Green OH 43402	Readiness Center
Camp Perry Joint Training	1000 Lawrence Rd, Port Clinton OH 43452	Varies – per SOV on file
Chagrin Falls	7600 Washington St, Chagrin Falls OH 44023	Readiness Center
Cleveland (Brook Park)	6225 Engle Rd, Brook Park OH 44142	Readiness Ctr/Maint
Cleveland (Green Rd)	4303 Green Rd, Cleveland OH 44128	Readiness Center
Columbus (Sullivant)	4094 Sullivant Ave, Columbus OH 43228	Readiness Center
Coshocton	24660 Airport Rd, Coshocton OH 43812	Readiness Center
Delaware Tacc	1121 Houk, Rd Delaware OH 43015	Readiness Center
Dover	2800 Wooster Ave, Dover OH 44622	Readiness Center
Green	5990 Airport Rd, North Canton OH 44720	Readiness Center
Greenville	1434 Wagner Ave, Greenville OH 45331	Readiness Center
Hamilton	3000 Symmes Rd, Hamilton OH 45015	Readiness Center
Kettering	2555 County Line Rd, Kettering OH 45430	Readiness Ctr/FMS 12
Lebanon	113 Taylor St, Lebanon OH 45036	Readiness Center
Lima	855 Collett St, Lima OH 45804	Readiness Center
Lorain	3520 Grove Ave, Lorain OH 44055	Readiness Center

Marysville Tacc	200 Colemans Crossing Blvd, Marysville OH 43040	Readiness Center
Medina	920 Lafayette Rd, Medina OH 44256	Readiness Center
Middletown	2002 Main St, Middletown OH 45044	Readiness Center
Newark	1257 Hollar Lane, Newark OH 43055	Readiness Center
Newark	1257 Hollar Lane, Newark OH 43055	Armory Maint Bay
Norwalk	400 Main St, Norwalk OH 44857	Readiness Center
Norwalk	400 Main St, Norwalk OH 44857	Repair Bays, Non-Dol
Piqua	623 Ash St, Piqua OH 45356	Readiness Center
Piqua	623 Ash St, Piqua OH 45356	Nat'l Grd Readiness Ctr
Sandusky	117 Woodlawn Ave, Sandusky OH 44870	Readiness Center
St. Mary's	109 South St, St. Mary's OH 45885	Readiness Center
St. Mary's	109 South St, St. Mary's OH 45885	Maintenance Bay
Stow	1629 Allen Rd, Stow OH 44224	Readiness Ctr/FMS 04
Tarlton Tng Site	11495 Chillicothe-Lancaster Rd, Amanda OH 43102	Readiness Center
Tiffin	500 Riverside Dr, Tiffin OH 44883	Readiness Center
Walbridge	28846 Tracy Rd, Walbridge OH 43465	Readiness Center
Woodlawn	10050 Woodlawn Ave, Woodlawn OH 45215	Readiness Center
Woodlawn	10050 Woodlawn Ave, Woodlawn OH 45215	Readiness Center
Wooster	1400 Lincoln Way, Wooster OH 44691	Readiness Center
Xenia	39 Weaver St, Xenia OH 45385	Readiness Center
Youngstown (Austintown)	475 Victoria Rd, Youngstown OH 44515	Readiness Center

## PROPERTY COVERAGE FORM - CHANGES VACANCY EXCLUSION

### PROPERTY COVERAGE FORM CHANGES

This endorsement modifies the insurance provided under the Property Coverage Form.

Item 2.k. under Section D., EXCLUSIONS, is deleted and replaced with the following:

k. If the building or leased premises where loss or damage has occurred has been "vacant" for more than 60 consecutive days before that loss or damage occurs, the Company will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

- (1) Vandalism;
- (2) Sprinkler leakage;
- (3) Building glass breakage;
- (4) Water damage;
- (5) Theft; or
- (6) Attempted theft.

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

Buildings under construction or renovation are not considered "vacant".

