



## **NOTICE TO OUR BROKERS AND AGENTS OF OUR CLAIM NOTIFICATION PROCEDURE**

As part of our continuing effort to provide you with the best service available, ALL CLAIMS, OCCURRENCES, INCIDENTS and LAWSUITS under this policy are to be reported immediately to:

**Mt. Hawley Insurance Company**

**Email (preferred): [New.Claim@rlicorp.com](mailto:New.Claim@rlicorp.com)**

**Fax: (866) 692-6796**

**Phone: (800) 444-0406**

**Street Address: 9025 N. Lindbergh Drive, Peoria, IL 61615**

**Mailing Address: P.O. Box 3961, Peoria, IL 61612-3961**

When reporting the incident, be prepared to supply a report of claim or the following information:

1. Policy Number
2. Contact Person information (name, address, phone, etc.)
3. Nature of incident
4. Date of incident

When reporting multiple incidents, please send each loss notice separately.



## IMPORTANT NOTICE TO POLICYHOLDERS

### TERRORISM RISK INSURANCE ACT, AS AMENDED

Under the Terrorism Risk Insurance Act, as amended (the “Act”), we must make coverage for “**certified acts of terrorism**” available in the policies we offer. We notified you at the time of offer and purchase of the policy to which this Notice is attached that this coverage was available and we gave you the right to reject our offer of such terrorism coverage. If you elected to purchase the coverage, the premium charged for such coverage is shown on the Declarations page of the policy. If you elected to reject the coverage we have not charged your policy for terrorism coverage and have attached a terrorism exclusion to your policy.

PLEASE NOTE: IF YOU REJECTED THE OFFER OF FEDERAL TERRORISM INSURANCE COVERAGE, THAT REJECTION DOES NOT APPLY TO THE LIMITED EXTENT THAT RELEVANT STATE LAW REQUIRES COVERAGE FOR FIRE LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER THE ACT.

When coverage is provided by this policy for losses resulting from “**certified acts of terrorism**,” such losses may be partially reimbursed by the United States Government under a formula established by Federal Law. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under this formula, the United States Government generally pays 80% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company. The premium for this coverage does not include any charges for the portion of loss covered by the Federal Government under the act.

You should also know that the Act contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

Specific coverage terms for terrorism, including limitations and exclusions, are more fully described in endorsements attached to the policy. Your policy may contain an exclusion for losses that are not eligible for federal reinsurance under the Act.

#### Definitions:

“**Certified acts of terrorism**,” as defined in Section 102(1) of the Act, means an 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.



**Mt. Hawley Insurance Company**  
Peoria, Illinois 61615

## **NOTICE TO POLICYHOLDERS**

### **REGARDING THE UNITED STATES TREASURY DEPARTMENT – OFFICE OF FOREIGN ASSETS CONTROL (OFAC)**

This Policyholder Notice does not provide coverage nor can it be construed to replace any provisions of your policy. Please read your policy carefully to determine your rights, duties, and what is and what is not covered by your policy. This Notice should only be used to provide information concerning the possible impact of your insurance coverage as it relates to directives issued by OFAC.

#### **PLEASE READ THIS NOTICE CAREFULLY.**

OFAC administers and enforces economic and trade sanctions and places restrictions on certain transactions. OFAC acts pursuant to Executive Orders of the President of the United States and specific legislation. OFAC has identified and named numerous foreign agents, front organizations, terrorists, terrorist organizations, and narcotics traffickers, among others, as “Specially Designated Nationals and Blocked Persons.” The complete list can be found on the United States Treasury website – <http://www.treas.gov/ofac>.

Various trade or economic sanctions and other laws or regulations prohibit us from providing insurance in certain circumstances. In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance contract is considered a blocked or frozen contract and will be considered null and void. When an insurance policy is considered to be a blocked or frozen contract, all provisions of this insurance will be immediately subject to OFAC, and neither payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments may also apply.

**Mt. Hawley Insurance Company**

9025 N. Lindbergh Drive

Peoria, Illinois 61615

**ATTENTION POLICYHOLDER**

**KEEP THIS NOTICE WITH YOUR INSURANCE PAPERS**

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false, incomplete, or misleading information, or conceals information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime punishable by incarceration, and shall also be subject to civil penalties.

## **IMPORTANT NOTICE TO POLICYHOLDER**

### **POLICYHOLDER'S RESPONSIBILITY TO PROPERLY ASSESS AND REPORT PROPERTY VALUATION**

This Policyholder Notice does not provide coverage nor can it be construed to replace any provisions of your policy. Please read your policy carefully to determine your rights, duties, and what is and what is not covered by your policy. This Notice only provides information concerning your responsibility to properly assess and report property valuation amount(s).

**PLEASE READ THIS NOTICE CAREFULLY.**

The coverage provided under this policy is based on the valuation amount(s) you report to us for the scheduled property(ies) under the policy. While valuation of the property(ies) may be discussed with us, the ultimate responsibility to provide proper valuation(s) lies with the insured. Valuation could have a material impact on the outcome of a claim(s) involving a loss(es) to the scheduled property(ies) under your policy.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**



## Mt. Hawley Insurance Company

9025 N. Lindbergh Drive  
Peoria, Illinois 61615  
309-692-1000

## Commercial Property Policy Declarations Page

**Policy No.** MCP0176803

**Named Insured and Mailing Address:**

Silver Queen at Wilderndest Condominium Association  
PO Box 1338  
c/o Summit 2nd Homes  
Silverthorne, CO 80498

**Agent/Broker and Mailing Address:**

Amwins Insurance Brokerage LLC  
4600 S Syracuse St Ste 996  
Denver, CO 80237

**Policy Period:** From 05/01/2024 to 05/01/2025 at 12:01 A.M. Standard Time at your mailing address shown above.

**DESCRIPTION OF PREMISES**

Covered Locations Listed Below :

2401-2427 Ryan Gulch Court, Silverthorne, CO 80498  
2428- 2454 Ryan Gulch Court, Silverthorne, CO 80498

**CAUSES OF LOSS:** Special excluding Earthquake and Flood

**LIMITS OF INSURANCE**

**Total coverage (limit) applicable** Limit \$5,708,888 , part of \$5,708,888 **Excess Of** \$10,000,000

The above limit applies to the following and is subject to any sublimits stated elsewhere in the policy:

- Accounts Receivable \*
- Building \*
- Debris Removal \*
- Electronic Data Processing \*
- Fine Arts
- Fire Department Service Charges \*
- Fire Protection Equipment Recharge \*
- Newly Acquired Property \*
- Ordinance or Law Coverage Combined Limit (A,B&C) \*
- Sewer Backup and Drains \*
- Valuable Papers and Records \*

\* Replacement Cost Applies

**Per Occurrence Loss Limit**

At no time will we pay more than \$5,708,888 for a loss due to a single occurrence or event.

Coverage under this policy attaches excess of the underlying insurance which, in turn, is subject to specific deductibles. Please refer to the underlying insurance policy for these amounts.



**Mt. Hawley Insurance Company**

9025 N. Lindbergh Drive  
Peoria, Illinois 61615  
309-692-1000

**Commercial Property Policy Declarations Page**

**Policy No.** MCP0176803

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**FORMS MADE A PART OF THIS POLICY AT TIME OF ISSUE:** See CPR 2150, Applicable Forms & Endorsements

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**PCA Fees** \$ 500  
**Total Premium** \$ 51,000  
**Amount Payable At Inception** \$ 51,500

**Colorado Premium:** \$51,000.00  
**Fees:** \$ 1,750.00  
**Surplus Lines Tax:** \$ 1,582.50

This contract is delivered as a surplus line coverage under the 'Nonadmitted Insurance Act'. The insurer issuing this contract is not licensed in Colorado but is an eligible nonadmitted insurer. There is no protection under the provisions of the 'Colorado Insurance Guaranty Association Act'.

For Claims Made Policies – the following applies:

This policy is a claims-made policy which provides liability coverage only if a claim is made during the policy period or any applicable extended reporting period.

Broker Name/Initials: Amwins Insurance Brokerage, LLC

Authorized Signature

## DECLARATIONS - SUB-LIMIT ADDENDUM

The total Limit of Liability as shown in the Declarations is subject to the following sub-limit(s). The sub-limit(s) shown is a limit or amount per occurrence, except for Earthquake and Flood where an annual aggregate applies. The sub-limit(s) shown are included in and do not increase the Limit of Liability shown in the Declarations. We will not, in any case, exceed this sub-limit(s) in one disaster, casualty or event, no matter how many locations are involved.

<b>Coverage Part or Item:</b>	<b>Sub-Limit</b>
Fire Department Service Charges	\$5,000

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**



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

## SCHEDULED LOCATIONS ENDORSEMENT

Location Number	Coverage Type	Declared* Values	Valuation**	Description and Location of Property Covered
00001 - 001	Building	\$8,129,349	RCV	Built: 1978, Frame 2401-2427 Ryan Gulch Court Silverthorne, CO 80498 Apartments
00002 - 001	Building	\$7,579,539	RCV	Built: 1978, Frame 2428- 2454 Ryan Gulch Court Silverthorne, CO 80498 Apartments

\* For Limit of Insurance please see Declarations page of this policy.

\*\* Indicate: ACV (Actual Cash Value), ALS (Actual Loss Sustained), FRC (Functional Replacement Cost), RCV (Replacement Cost Value), SP (Selling Price) or SV (Stated Value).

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **APPLICABLE FORMS & ENDORSEMENTS**

FORMS AND ENDORSEMENTS LISTED BELOW APPLY TO AND ARE MADE PART OF THIS POLICY AT TIME OF ISSUE.

CPR-2147(02/04)	Declarations - SubLimit Addendum
CPR-2194(10/01)	Scheduled Locations Endorsement
CP-0010(06/07)	Building and Personal Property Coverage Form
CP-1030(06/07)	Causes Of Loss - Special Form
CPR-2152F(02/04)	Electronic Data Processing Endorsement
CPR-2160(02/14)	Excess Clause
CPR-2170(03/02)	Valuable Papers and Records
CPR-2177(03/02)	Accounts Receivable
CPR-2209(11/13)	Ordinance or Law Coverage - Combined Limit
CPR-2216(01/20)	Fine Arts Endorsement
CPR-2224(03/03)	Sewer Back Up Endorsement
CPR-2273(04/12)	Minimum Earned Premium Endorsement
CPR-2276(04/12)	Non-Payment Of Premium
CPR-2280(10/13)	Priority Of Payments
CPR-2281(12/14)	Nuclear, Biological, Chemical, or Radioactive Exclusion
CPR-2282(02/15)	Exclusion Of Cosmetic Damage To Roof Surfacing
CPR-2284(04/15)	Fire Protection Equipment Recharge Endorsement
CPR-2315(07/20)	Newly Acquired Property Endorsement
CPR-2331(03/23)	Limited Valuation Of Roof Surface
CPR-2333(10/23)	Debris Removal Endorsement
CP-1032(08/08)	Water Exclusion Endorsement
CPR-2117(08/15)	Definition of Occurrence
CPR-2230(03/08)	Terrorism Exclusion
CPR-2261(09/04)	Fire Department Service Charge Endorsement
CPR-2269(06/09)	Asbestos Exclusion
CPR-2295(04/20)	Windstorm Or Hail Loss Reporting Limitation Addendum
CPR-2308(12/18)	Pre-Existing Damage Exclusion
CPR-2310(01/23)	Appraisal
CPR-2311(10/22)	Legal Action Conditions Endorsement
CPR-2314(07/20)	Communicable Disease Exclusion
CPR-2316(08/20)	Total Pollution Exclusion
CPR-2318(08/21)	Actual Cash Value (ACV) Definition

**APPLICABLE FORMS & ENDORSEMENTS**  
**(cont'd)**

CPR-2320(04/21)	Amended Limitations
CPR-2321(01/22)	Common Policy Conditions
CPR-2326(07/22)	Fully Earned Premium For Actual Total Loss Or Constructive Total Loss
CPR-2332(06/23)	Cyber And Data Endorsement
RIL-2156(06/22)	Policyholder's Responsibility To Properly Assess And Report Property Valuation
RIL-099(04/20)	Service Of Suit
ILF-0001C(04/16)	Signature Page

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

## BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

### A. Coverage

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

#### 1. Covered Property

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

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

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire-extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(5) If not covered by other insurance:

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

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

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

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;

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

**c. Personal Property Of Others** that is:

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

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

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;

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

- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

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

- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

q. The following property while outside of buildings:

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

### 3. Covered Causes Of Loss

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

### 4. Additional Coverages

#### a. Debris Removal

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

deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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

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

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

#### (5) Examples

The following examples assume that there is no Coinsurance penalty.

##### EXAMPLE #1

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

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the

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

**EXAMPLE #2**

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

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

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

**b. Preservation Of Property**

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Required by local ordinance. No Deductible applies to this Additional Coverage.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean-up And Removal**

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

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

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

**e. Increased Cost Of Construction**

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

- (3)** The ordinance or law referred to in **e. (2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4)** Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a)** You were required to comply with before the loss, even when the building was undamaged; and
  - (b)** You failed to comply with.
- (5)** Under this Additional Coverage, we will not pay for:
  - (a)** The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
  - (b)** Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6)** The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7)** With respect to this Additional Coverage:
  - (a)** We will not pay for the Increased Cost of Construction:
    - (i)** Until the property is actually repaired or replaced, at the same or another premises; and
    - (ii)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - (b)** If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e. (6)** of this Additional Coverage, is the increased cost of construction at the same premises.
  - (c)** If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e. (6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8)** This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9)** The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in **e. (6)** of this Additional Coverage, is not subject to such limitation.

**f. Electronic Data**

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



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

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

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

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

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

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

(4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or

computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

## 5. Coverage Extensions

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

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

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

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

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

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

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

(ii) Use as a warehouse.

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

#### (2) Your Business Personal Property

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

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

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

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

- (b) This Extension does not apply to:
  - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
  - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**(3) Period Of Coverage**

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

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

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

**b. Personal Effects And Property Of Others**

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

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

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

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

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

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

**d. Property Off-premises**

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

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

**e. Outdoor Property**

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

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

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

**f. Non-owned Detached Trailers**

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

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

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

**B. Exclusions And Limitations**

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

**C. Limits Of Insurance**

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

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

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

- 1. Fire Department Service Charge;

2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

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

#### D. Deductible

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

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

#### EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

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

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

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

\$60,100	
<u>– 250</u>	
\$59,850	Loss Payable – Building #1

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

Total amount of loss payable:

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

#### EXAMPLE #2

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

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

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

#### E. Loss Conditions

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

##### 1. Abandonment

There can be no abandonment of any property to us.

##### 2. Appraisal

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

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

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

### 3. Duties In The Event Of Loss Or Damage

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

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

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

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

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

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

### 4. Loss Payment

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

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

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

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

- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

## 5. Recovered Property

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

## 6. Vacancy

### a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1) (a) and (1) (b) below:
  - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building

means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
  - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
  - (ii) Used by the building owner to conduct customary operations.

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

### b. Vacancy Provisions

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

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

- (a) Vandalism;
- (b) Sprinkler leakage, unless you have protected the system against freezing;
- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.

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

## 7. Valuation

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

- a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

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

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

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.

- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
  - (1) Actual cash value of the lost or damaged property if you make repairs promptly.

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

- (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
- (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

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

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

## F. Additional Conditions

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

### 1. Coinsurance

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

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

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

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

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

### EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the property is:	\$250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000
Step (1):	\$250,000 x 80% = \$200,000 (the minimum amount of insurance to meet your Coinsurance requirements)	
Step (2):	\$100,000 ÷ \$200,000 = .50	

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

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

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

### EXAMPLE #2 (ADEQUATE INSURANCE)

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

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

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

### EXAMPLE #3

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

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

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

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

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

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

## 2. Mortgageholders

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

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and



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

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

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

## G. Optional Coverages

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

### 1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
  - (1) On or after the effective date of this Optional Coverage; and

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

### 2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

### EXAMPLE

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

### 3. Replacement Cost

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

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

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

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

#### 4. Extension Of Replacement Cost To Personal Property Of Others

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

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

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

#### H. Definitions

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

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

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

## CAUSES OF LOSS – SPECIAL FORM

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

### A. Covered Causes Of Loss

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

1. Excluded in Section **B.**, Exclusions; or
2. Limited in Section **C.**, Limitations;

that follow.

### B. Exclusions

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

#### a. Ordinance Or Law

The enforcement of any ordinance or law:

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

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

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

#### b. Earth Movement

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

- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

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

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

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

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

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

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

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

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

**d. Nuclear Hazard**

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

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

**e. Utility Services**

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

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

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

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

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

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

**f. War And Military Action**

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

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

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

**g. Water**

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

- (2) Mudslide or mudflow;

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

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

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

- (b) Basements, whether paved or not; or

- (c) Doors, windows or other openings.

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

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

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

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

This exclusion does not apply:

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

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

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

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

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

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

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

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

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

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

- (4)** Settling, cracking, shrinking or expansion;  
**(5)** Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

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

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

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

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

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

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

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

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

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

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

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

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

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

**(1)** An abrupt falling down or caving in;

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

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

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

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

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

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

**(i)** The "specified causes of loss";

**(ii)** Breakage of building glass;

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

**(iv)** Weight of people or personal property.

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

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

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

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

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

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

**c.** Faulty, inadequate or defective:

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

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

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

**(4)** Maintenance;

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

#### 4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

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

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

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

- (5) Any other consequential loss.

##### b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
  - (a) Your cancelling the lease;
  - (b) The suspension, lapse or cancellation of any license; or
  - (c) Any other consequential loss.

##### c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
  - (a) Paragraph **B.1.a.**, Ordinance Or Law;
  - (b) Paragraph **B.1.c.**, Governmental Action;
  - (c) Paragraph **B.1.d.**, Nuclear Hazard;
  - (d) Paragraph **B.1.e.**, Utility Services; and
  - (e) Paragraph **B.1.f.**, War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

##### (a) Contractual Liability

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

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

**(b) Nuclear Hazard**

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

**5. Additional Exclusion**

The following provisions apply only to the specified property.

**LOSS OR DAMAGE TO PRODUCTS**

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

**C. Limitations**

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

- 1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
  - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

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

- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
  - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

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

However, this limitation does not apply to:

  - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
  - (2) Business Income Coverage or Extra Expense Coverage.

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

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

- 2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
  - a. Animals, and then only if they are killed or their destruction is made necessary.
  - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    - (1) Glass; or



(2) Containers of property held for sale.

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

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
- (2) To Business Income Coverage or to Extra Expense Coverage.

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

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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

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

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

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

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

#### D. Additional Coverage – Collapse

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

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

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

- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in **2.a.** or **2.b.**;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

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

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet

or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

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

## F. Additional Coverage Extensions

### 1. Property In Transit

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

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

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

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

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

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

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

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

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

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

## 3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

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

## G. Definitions

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

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

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

- (1) The cost of filling sinkholes; or

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

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

- (1) Personal property in the open; or

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

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

## COMMON POLICY CONDITIONS

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

### A. Cancellation

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

### B. Changes

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

### C. Examination Of Your Books And Records

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

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public and we do not warrant that:
  - a. Conditions are safe or healthful;
  - b. The insured property complies with laws, regulations, codes or standards; or
  - c. The insured property is free from pre-existing conditions that may impact coverage in the event of a loss.

Any property inspection undertaken by us or on our behalf related to the underwriting process in connection with issuance of any policy is for our information only and does not in any way negate or impair our ability to apply and enforce any and all applicable exclusions, limitations, conditions, or other terms of this policy. It is agreed that neither such property inspection nor any such property inspection report can be used by any insured for any reason after a loss.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

## **E. Premiums**

The first Named Insured shown in the Declarations:

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

## **F. Transfer Of Your Rights And Duties Under This Policy**

You may not transfer your rights and duties under this policy, before or after a loss, without our written consent except in the case of death of an individual named insured.

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

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

## **ELECTRONIC DATA PROCESSING ENDORSEMENT**

### **1. LIMITS OF INSURANCE**

Coverage is only provided under this endorsement for items **A.** through **D.** below when a dollar amount is shown beside the coverage part. We will not pay more than the Limits of Insurance specified below in respect to any one occurrence, and in no event will we pay more than the Limits of Insurance of the policy to which this endorsement is attached.

- A. Hardware:** \$25,000 Combined
- B. Software:** \$25,000 Combined
- C. Extra Expense:** \$None
- D. Business Interruption:** \$None

### **2. SPECIFIC HARDWARE OR SOFTWARE TO BE EXCLUDED**

### **3. PROPERTY COVERED**

We will pay for direct physical loss of or damage to covered property caused by a Covered Cause of Loss at the premises described in the Schedule. Covered property, as used in this endorsement, means the type of property described in this section if a Limit of Insurance is shown above for that type of property.

- A. Hardware**, meaning a network of electronic machine components including microprocessors (firmware) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results; computer networks; and peripheral data processing equipment. Such equipment may be owned by you or leased, rented or under your control. Hardware does not include communication systems or protection and control systems.
- B. Software**, meaning electronic data processing, recording or storage software such as films, tapes, cards, discs, drums or cells, and data and programming records used for electronic data processing or electronically controlled equipment, stored on media.
- C. Extra Expense**

- 1. We will pay the actual and necessary extra expenses you incur during the "period of restoration":
  - a. To continue your "normal" electronic data processing operations that are interrupted due to direct physical loss or damage caused by a Covered Cause of Loss to covered property owned, leased, rented or under your control; while at the described premises;
  - b. To repair, replace, or restore any covered hardware or software, but only to the extent that they reduce the loss otherwise payable under this coverage part.
- 2. We will not pay under this Extra Expense coverage for:
  - a. More than the actual loss sustained or the amount shown in item **1. LIMITS OF INSURANCE, C. Extra Expense**, whichever is less; or
  - b. Loss of profits or earnings resulting from a decrease or reduction of business.

#### **D. Business Interruption**

1. We will pay for the actual loss of "business income" you incur due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss or damage as a result of a Covered Cause of Loss to covered property at the described premises, including personal property in the open (or in a vehicle) within 100 feet of the described premises.
2. We will only pay for loss of "business income" that occurs within 12 consecutive months after the date of direct physical loss or damage.

#### **4. PROPERTY NOT COVERED**

- A. Accounts, bills, money, currency, notes, securities, or other evidences of debt, securities, valuable papers, records, abstracts, deeds, manuscripts, program documentation or other documents except those that are in software form, and then only in that form;
- B. Property rented or leased to others while away from your premises;
- C. Your stock in trade; and/or
- D. Any machinery or equipment, other than hardware, whether or not controlled by a data processing system.

#### **5. EXCLUSIONS**

- A. Actual work upon the property covered.
- B. Error or omission in machine programming or instructions to machine.
- C. Errors, omissions or deficiencies in design, specifications, materials or workmanship.
- D. Loss from processing operations.

#### **6. VALUATION**

- A. The value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation). We will not pay more than what it will cost to repair, rebuild or replace the property with other property of like kind and quality. We will also not pay more than the amount shown under item **1. LIMITS OF INSURANCE**.
- B. In determining the amount of loss when extra expense coverage is provided, the following also apply:
  1. The salvage value of any property bought for temporary use will be deducted from the amount of loss extra expense; and
  2. We will not pay for any increase in loss due to your failure to use reasonable efforts to resume all or part of your business. This includes making use of other locations and property to reduce the loss.

#### **7. RESUMPTION OF OPERATIONS**

As soon as practicable after any loss, you must resume complete or partial business "operations" of the covered property and, as much as practicable, reduce or dispense with the additional charges and expenses that are being incurred.



## 8. DEFINITIONS

- A. "Normal" means the conditions that would have existed had no loss occurred.
- B. "Business income" means:
1. Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
  2. Continuing "normal" operating expenses incurred, including payroll.
- C. "Operations" means your business activities occurring at the described premises.
- D. "Period of restoration" means the period of time that:
1. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
  2. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality, or the date when business is resumed at a new permanent location.
- "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (b) Requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of pollutants.

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

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **EXCESS CLAUSE**

We will not be liable under this policy for more than \$5,708,888 part of \$5,708,888 excess of \$10,000,000, its pro rata share of the "Ultimate Net Loss" excess of the total amount of underlying coverage(s) and any deductible provisions in the underlying coverage(s) or self-insured retention or similar plan with respect to each and every loss occurrence caused directly by or resulting from the perils insured against under this policy and in the annual aggregate, each as respects the perils of earthquake and flood (if applicable).

Total underlying insurance may be provided by a company or companies some of which may have different conditions, limitations and exclusions than those contained in this policy. Insurance under this policy is subject to the conditions, limitations and exclusions mentioned herein or endorsed onto this policy and may not be the same as those contained within an underlying policy or policies.

The risk of uncollectibility (in whole or in part) of other insurance, whether because of financial impairment or insolvency of an underlying or other insurer or for any other reason, is expressly retained by the insured and is not in any way or under any circumstances insured or assumed by us.

In no event, however, shall this Company be liable for more than the limits of liability specified in the declarations.

### **MAINTENANCE OF UNDERLYING INSURANCE:**

A. It is a condition of coverage under this policy that the total amount of underlying insurance specified above be maintained in full force and effect while this policy is in force.

The total amount of underlying insurance will be deemed applicable even in the event of:

1. Your failure to comply with any condition of any underlying insurance policy;
2. Insolvency of any insurer providing underlying insurance;
3. Cancellation or endorsement of any policy or part of a policy providing underlying insurance to our policy;
4. Reduction or exhaustion of any limits, sub-limits, or aggregate Limits of Insurance, or deductible or self-insured retention plans of any policy providing underlying insurance to our policy, by reason of losses paid or incurred thereunder.

B. We must be notified of cancellation or endorsement to any policy or part of a policy providing underlying insurance to this policy.

C. Your failure to comply with the above conditions may result in cancellation of this policy.

### **DEFINITION:**

"Ultimate Net Loss" means the actual loss or damage sustained by you (including any Deductible or self-insured retention amount) as a direct result of the perils insured against and the coverages provided for in our policy to Covered Property hereunder arising from any one loss or disaster, after making deductions for salvage, subrogation, and recoveries from any source other than our policy and the underlying or other excess insurance policies.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **VALUABLE PAPERS AND RECORDS**

We will pay for direct physical loss of or damage to "Valuable Papers and Records," as defined below and subject to the following provisions:

### **1. COVERED PROPERTY**

This extension of coverage applies to "Valuable Papers and Records" while on the "Premises" located at the following locations (except as provided for in paragraph **2.**) and is subject to the limit indicated below:

**A.** All "Valuable Papers and Records" not specified in **B.** below:

<b>LOCATION:</b>	<b>LIMIT OF LIABILITY:</b>
All	\$ 25,000

**B.** Specified Articles:

<b>DESCRIPTION OF ARTICLES:</b>	<b>LIMIT OF LIABILITY:</b>
N/A	\$ N/A

### **2. DEFINITIONS**

"Valuable Papers and Records" means written, printed or inscribed documents, manuscripts or records, including books, maps, films, drawings, abstracts, deeds or mortgages. "Valuable Papers and Records" does not mean "money" or "securities," converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

"Premises" means the interior of that portion of the building at the location(s) designated above that you occupy for your business.

"Money" means currency, coins, bullion and bank notes whether or not in current use, as well as travelers checks, registered checks and money orders held for sale to the public.

"Securities" means all negotiable and non-negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets. "Securities" also means evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue. "Securities" does not include money.

### **3. EXCLUSIONS**

The following exclusions apply to coverage provided by this endorsement and are in addition to exclusions contained elsewhere in this policy:

**A.** This endorsement does not insure against physical loss of or damage to:

- Property not specifically declared, described and valued in paragraph **1.B.** of this endorsement if such property cannot be replaced with other of like kind and quality or restored to usable conditions;

2. Property held as samples or for sale or for delivery after sale; or
3. Data processing equipment and media. Media means magnetic tapes, disk packs, diskettes, paper tapes, cards, and other material on which data is stored. It includes data stored on the media.

**B.** This endorsement does not insure against loss resulting from:

1. Errors or omissions in processing or copying;
2. Unauthorized instructions to transfer property to any person or to any place;
3. Voluntary parting with any property by the insured or any associate, proprietor, partner, director, trustee, officer, employee or agent of any insured if induced to do so by any fraudulent scheme, trick, device or false pretense.

#### **4. LIMIT OF INSURANCE**

We will not pay more than:

- A.** The amount scheduled under paragraph **1.B.** of this endorsement; or
- B.** The least of the following if not scheduled under paragraph **1.B.** of this endorsement:
  1. The cost to research (to the extent necessary) and replace the "Valuable Papers and Records"; or
  2. The cost to repair or restore the "Valuable Papers or Records"; or
  3. The applicable limit stated in this endorsement.

However, we will not, in any case, pay more than the Per Occurrence Loss Limit shown in the Declarations in one disaster, casualty, or event, no matter how many locations are involved.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **ACCOUNTS RECEIVABLE**

We will pay for direct physical loss of or damage to Accounts Receivable, as defined below and subject to the following provisions:

### **1. COVERAGE**

#### **A. We will pay:**

1. All sums due from your customers that you are unable to collect thereof as the direct result of loss of or damage to records of accounts receivable;
2. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
3. Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage;
4. Other reasonable expenses that you incur to re-establish your records of accounts receivable;

That result from direct physical loss of or damage to your records of accounts receivable.

- B.** This extension of coverage applies to records of accounts receivable while on the "premises" at the following locations and is subject to Limit of Insurance indicated below:

<b>LOCATION</b>	<b>LIMIT OF INSURANCE</b>
All	\$ 25,000
N/A	\$ N/A

### **2. PERILS NOT COVERED**

We will not pay for loss or damage:

- A.** Caused directly or indirectly by bookkeeping, accounting or billing errors or omissions;
- B.** That requires any audit of records or an inventory computation to prove its factual existence;
- C.** Due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable done to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent to such wrongful giving, taking, obtaining or withholding;
- D.** Unauthorized instructions to transfer property to any person or to any place;
- E.** Due to an error or omission in programming; or
- F.** Caused by providing improper data entry instructions.

### **3. DEFINITION**

"Premises" means the interior of that portion of the building at the location(s) designated above that you occupy for your business.

#### **4. DETERMINATION OF RECEIVABLES**

- A.** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:
1. Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
  2. Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- B.** The following will be deducted from the total amount of accounts receivable, however that amount is established:
1. The amount of the accounts for which there is no loss or damage;
  2. The amount of the accounts that you are able to re-establish or collect;
  3. An amount to allow for probable bad debts that you are normally unable to collect; and
  4. All unearned interest and service charges.

However, we will not, in any case, pay more than the Per Occurrence Loss Limit shown in the Declarations in one disaster, casualty, or event, no matter how many locations are involved.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **ORDINANCE OR LAW COVERAGE – COMBINED LIMIT**

Coverages **A**, **B**, and **C** Combined Limit Of Insurance      \$100,000\_\_\_\_\_

This Limit Of Insurance does not increase the Per Occurrence Loss Limit as stated in the Declarations and applies to all locations unless specified below:

### **A. Coverage**

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

**1.** The ordinance or law:

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

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

- 2. a.** The building sustains direct physical damage that is covered under this policy and as a direct result of such covered damage, you are required to comply with the ordinance or law; or
  - b.** The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and as a direct result of the building damage in its entirety, you are required to comply with the ordinance or law.
  - c.** But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.
- 3.** In the situation described in **A.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

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

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

- 1.** Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

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

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

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

Coverage A is included within the Limit Of Insurance applicable to the covered property shown in the Declarations. This is not additional insurance.

**D. Coverage B – Demolition Cost Coverage.**

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

Any coinsurance conditions do not apply to **Demolition Cost Coverage**.

**E. Coverage C – Increased Cost Of Construction Coverage.**

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

1. Repair or reconstruct damaged portions of that building caused by a covered peril; and/or
2. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

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

However:

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

Any coinsurance Conditions do not apply to **Increased Cost Of Construction**.

**F. Loss Payment**

The most we will pay, for the total of all covered losses for Loss to the Undamaged Portion of the Building, Demolition Cost and Increased Cost Of Construction is the Combined Limit Of Insurance shown above. Subject to this Combined Limit Of Insurance, the following loss payment provisions apply:

1. When there is a loss to an undamaged portion of a building to which Coverage A applies:
  - a. If Replacement Cost applies and the property is repaired or replaced, on the same or another premises, we will not pay more for loss or damage to covered buildings or structures, including loss caused by enforcement of an ordinance or law, than the lesser of:
    - (1) The amount you actually spend to repair, rebuild or reconstruct the building or structure, but not for more than the amount it would cost to restore the building or structure on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or



- (2) The applicable Loss to the Undamaged Portion of the Building Limit Of Insurance shown above; or
  - (3) The Limit Of Insurance applicable to the covered building or structure; or
  - (4) The values you provided to us for the specific property involved in the loss which were accepted by us prior to the loss.
- b. If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:
  - (1) The Actual Cash Value of the building or structure at the time of loss; or
  - (2) The Limit Of Insurance applicable to the covered building or structure; or
  - (3) The values you provided to us for the specific property involved in the loss which were accepted by us prior to the loss.
- 2. For **Demolition Cost**, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- 3. With respect to the **Increased Cost Of Construction**:
  - a. We will not pay for the increased cost of construction:
    - (1) Until the property is actually repaired or replaced, at the same or another premises; and
    - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
  - c. If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.
- G. Under this endorsement we will not pay for loss due to any ordinance or law that you were required to comply with before the loss, even if the building was undamaged. Ordinance or law violations that exist independent of a covered cause of loss are not covered.
- H. The terms of this endorsement apply per occurrence and are a part of, and not in addition to, the Per Occurrence Loss Limit shown in the Declarations.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **FINE ARTS ENDORSEMENT**

### **1. COVERED PROPERTY**

Covered property is extended to include direct physical loss of or damage to "Fine Arts" while at a covered "premises" described in the Declarations for the perils covered under this policy.

### **2. LIMIT OF INSURANCE**

#### **A. Unscheduled "Fine Arts," not specified in B. below:**

This section provides coverage to Unscheduled "Fine Arts" situated at covered "premises" subject to a total maximum Limit or Sub-Limit of Insurance included or endorsed onto this policy. However, in no event will we pay more than \$10,000 for any single Unscheduled "Fine Arts" item, or \$10,000 per occurrence.

#### **B. Scheduled "Fine Arts":**

This section provides coverage for specifically scheduled "Fine Arts" identified with a detailed description of the item, its covered "premises" location and declared "Stated Value" as shown within the latest schedule on file provided.

### **3. VALUATION**

In the event of loss, the value of covered "Fine Arts" will be determined as of the time of loss.

The value of covered "Fine Arts" will be the least of the following amounts:

As respects section **2. Limit of Insurance**, item **A. Unscheduled "Fine Arts"**:

- a. The actual cash value at the time of loss;
- b. The cost of reasonably restoring the property to its condition immediately before loss; or
- c. The cost of replacing the property with substantially identical property.
- d. The lowest figure you put on the property in your inventories, stock books, stock papers or lists existing as of the time of loss or damage.

As respects section **2. Limit of Insurance**, item **B. Scheduled "Fine Arts"**:

- a. The cost of reasonably restoring that property to its condition immediately before loss;
- b. The cost of replacing the property with substantially identical property; or
- c. The "Stated Value" of the item listed within the schedule of "Fine Arts" attached to this policy provided that:
  1. The "Fine Arts" are authentic; and
  2. The "Stated Value" was determined by:
    - a. An independent appraiser compliant with Uniform Standards of Professional Appraisal Practice (USPAP) & such appraiser had expert knowledge of the "Fine Arts" appraised; or

- b. Invoice or Bill of Sale issued by the artist, art gallery, or art auction that identifies the individual "Fine Arts" item; including date & price sold, name of artist, dimensions, media & title. Documentation should state if the item is framed; including the framed dimensions.

However, if any scheduled "Fine Arts" item does not meet the above conditions **1.** & **2.** the value of such scheduled "Fine Arts" will not be at "Stated Value." In such instances actual cash value at the time of loss will be used.

#### **4. DEFINITIONS**

**"Fine Arts"** means paintings, etchings, drawings, pictures, tapestries, rare or art glass, art glass windows, stained glass windows, valuable rugs, statuary, sculptures, "antique" furniture, porcelains, and similar property of rarity, historical value, or artistic merit.

**"Premises"** means the interior of that portion of the building you occupy at the location(s) designated in or endorsed onto this policy.

**"Antique"** means an object having value because its craftsmanship is in the style or fashion of former times and because of its considerable age.

**"Stated Value"** means the declared value of the scheduled "Fine Arts" property.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **SEWER BACK UP ENDORSEMENT**

The most we pay for loss caused by water that backs up through a sewer or drain is \$10,000 per occurrence. This Limit of Insurance is a part of, and not in addition to, the Per Occurrence Loss Limit shown in the Declarations. \$ Refer to CPR2218 will be deducted from each loss.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **ASBESTOS EXCLUSION**

It is agreed that this policy does not insure against loss or damage arising from asbestos material, including but not limited to costs or expenses incurred by the Insured as a result of any of the following:

- (1)** asbestos material removal, containment, or other abatement;
- (2)** demolition or increased cost of construction, repair, debris removal, or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material; and/or
- (3)** any governmental direction or request declaring that such asbestos material present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;

Nor does any coverage provided by this policy apply to payment for the investigation or defense of any loss, damage or any cost, loss of use expense, fine or penalty or for any expense or claim or suit related to any of the above.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **WATER EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

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

**B. Water**

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

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

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

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

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

## **DEFINITION OF OCCURRENCE**

Occurrence means the total loss or damage caused by a distinct, single incidence of a peril or combination of perils insured against, except:

- A.** For a single atmospheric disturbance including tornado, cyclone, hurricane, windstorm, hail, tropical storm or cyclone, typhoon, hail and winter storm/freeze, an occurrence is limited to the total of all losses, damage, or expenses sustained or commencing during a continuous 144 hour period;
- B.** For riot, riot attending a strike and civil commotion an occurrence is limited to the total of all losses, damage or expenses sustained or commencing during a continuous 96 hour period.

In reference to items **A.** and **B.** above, you may decide when the applicable continuous number of hour period begins.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **TERRORISM EXCLUSION**

1. We will not pay for loss, damage, cost or expense caused directly or indirectly by "terrorism" including "certified acts of terrorism," as defined in the Terrorism Risk Insurance Act, as amended, unless specifically provided by endorsement to this policy or any action taken to control, prevent, or suppress terrorism. Such loss, damage, cost or expense is excluded regardless of any other cause or event that contributes concurrently or in any sequence to this loss.
2. The following definition is added and applies under this endorsement wherever the term "terrorism" is used.

"Terrorism" means activities against persons, organizations or property of any nature:

**A.** That involve the following or preparation for the following:

1. Use or threat of force or violence; or
2. Commission or threat of a dangerous act; or
3. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

**B.** When one or both of the following applies:

1. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
2. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

### **3. Fire Exception**

The following provision applies only where relevant state law requires coverage for fire losses resulting from acts of terrorism, and where a premium for such has been paid.

If an act of terrorism results in fire, we will pay for the loss or damage caused by that fire. This exception for fire applies only to direct loss or damage by fire to covered property. This exception does not apply to coverage for business income, extra expense, or fire legal liability.

4. Neither the terms of this endorsement nor the terms of any other terrorism endorsement attached to this policy provide coverage for any loss that would otherwise be excluded by this policy under:

- A.** Exclusions that address war, military action, or nuclear hazard; or
- B.** Any other exclusion.

5. The absence of any other terrorism endorsement does not imply coverage for any loss that would otherwise be excluded by this policy under:

- A.** Exclusions that address war, military action, or nuclear hazard; or
- B.** Any other exclusion.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**



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

## **FIRE DEPARTMENT SERVICE CHARGES ENDORSEMENT**

When made a part of this policy, this endorsement replaces any Fire Department Service Charge wording that may appear elsewhere in this policy.

- A.** When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay your fire department service charges that are:
  - 1.** Assumed by contract or agreement prior to loss; or
  - 2.** Required by local ordinance.
  
- B.** The most we will pay for this coverage under this endorsement in any one loss is the amount specifically stated in the Declarations. This Limit of Insurance is part of, and not in addition to, the Per Occurrence Loss Limit shown in the Declarations.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **MINIMUM EARNED PREMIUM ENDORSEMENT**

This endorsement changes Cancellation conditions elsewhere in the policy as follows:

This policy is subject to a minimum earned premium of 35% of the annual policy premium or \$17,850, whichever is greater.

When you request that the policy be cancelled, the total earned premium will be the calculated premium for the term of the policy or the minimum earned premium as calculated above, whichever is greater.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **NON-PAYMENT OF PREMIUM**

Your failure to make a timely payment of any premium due either at inception of this policy or for any subsequent endorsement will be considered a request by you to us to cancel the policy.

If we cancel for non-payment of premium, the minimum earned premium, as determined by the Minimum Earned Premium Endorsement included in this policy, will be immediately due and payable.

At our discretion, we may consider reinstating coverage if you pay us the full amount of premium due prior to the effective date of cancellation.

However, payment of overdue premium by you will not guarantee the reinstatement of coverage. Should we decide not to reinstate coverage, any unearned premium will be refunded accordingly.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **PRIORITY OF PAYMENTS**

It is understood and agreed that the underlying property policy(ies) provide(s) insurance for perils and/or coverages that are specifically excluded in this policy. It is additionally agreed that any loss resulting from a single occurrence involving a peril covered by this policy in conjunction with any peril or coverage included in the underlying insurance policy but not covered in this policy shall be deemed to erode or exhaust the per occurrence loss limit of the underlying insurance policy as follows:

- A.** The portion(s) of the loss paid by the underlying property policy(ies) that is not covered by this policy will be recognized to have been applied before the portion(s) of the loss covered by this policy.
- B.** Upon exhaustion of the underlying property policy limits, this policy will be liable for the amount of loss covered by this policy in excess of the amount attributed to the underlying insurance; however, this policy shall be liable only for such loss as respects the perils and coverages insured under this policy and calculated according to the terms and conditions as specified in this policy.
- C.** Nothing herein shall be deemed to extend coverage in this policy for any peril, property or coverage not insured by this policy nor does this endorsement increase any limit(s) or sublimit(s) provided in the underlying property policy(ies).
- D.** Notwithstanding the above, losses to any location and/or property not insured under this excess policy will not erode or exhaust underlying policy limits.

In no event shall we be liable for more than the Per Occurrence Loss Limit and/or the Aggregate Loss Limit specified in the Declarations Page.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **NUCLEAR, BIOLOGICAL, CHEMICAL OR RADIOACTIVE EXCLUSION**

We will not pay for loss, damage, cost, or expense directly or indirectly from:

- 1)** The use or threatened use of nuclear, biological, chemical, radioactive substances or the like, however caused.
- 2)** The accidental discharge of nuclear, biological, chemical, radioactive substances or the like, however caused.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **EXCLUSION OF COSMETIC DAMAGE TO ROOF SURFACING**

- A.** The following applies with respect to loss or damage by wind and/or hail to any building and/or structure covered under this policy unless otherwise indicated below:

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail.

For the purpose of this endorsement:

- 1.** Cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.
- 2.** Roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

Exceptions to the above are as follows:

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **FIRE PROTECTION EQUIPMENT RECHARGE ENDORSEMENT**

We will pay up to \$5,000 for expenses incurred to recharge fire suppression systems or extinguishers when such systems or extinguishers are discharged to fight a hostile fire on the covered premises or if discharged due to another covered cause of loss. No deductible applies to this coverage.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **LIMITED VALUATION OF ROOF SURFACE**

The following applies with respect to loss or damage by Named Storm, windstorm, or hail to a building or structure as indicated below:

1. Replacement Cost coverage (if applicable to the building or structure) does not apply to any "Roof Surface" unless you prove that the age of the "Roof Surface" is less than 12 years old at the time of the loss or damage by providing documentation, including but not limited to, contracts, invoices, receipts, or permits, demonstrating the age of the "Roof Surface". Documentation of roof maintenance or repair will not establish the age of the "Roof Surface". The value of all other "Roof Surfaces" we will be determined at Actual Cash Value.

If any building or structure is identified in the Schedule below, then the value of any "Roof Surface" will be determined at Actual Cash Value, regardless of the age of the "Roof Surface".

### **SCHEDULE**

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2. For the purpose of this endorsement, a "Roof Surface" means a surface covering the roof, including but not limited to, shingles, tiles, cladding, gravel, stone, metal or synthetic sheeting, or roof coating, and all materials used in securing the surface covering.

A "Roof Surface" also refers to all other roofing components, including but not limited to, any materials applied to or under the surface of the roof used for moisture protection or insulation, roof vents, vent caps, flashings, or drip edges.

A "Roof Surface" does not include structural supports or structural decking consisting of metal, concrete, particle board/OSB, or wood.

3. Notwithstanding the above, the tear off, preparation, and installation of a "Roof Surface", including the applicable overhead, profit, labor, taxes and fees, will be valued at Actual Cash Value.
4. If the roof contains more than one layer of roof covering, this endorsement shall apply to each "Roof Surface" independently.
5. With regard to any "Roof Surface" that is valued at Actual Cash Value, any coverage for Increased Cost of Construction or Ordinance or Law will not apply, regardless of anything to the contrary elsewhere in this policy.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**



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

## **DEBRIS REMOVAL ENDORSEMENT**

This endorsement deletes and replaces **Additional Coverages, Debris Removal** with the following:

### **Debris Removal**

1. We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the Policy Period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage to Covered Property.
2. This coverage does not apply to costs to:
  - a. Extract "pollutants" from land or water; or
  - b. Remove, restore, or replace polluted land or water.
3. Regardless of the number of locations involved, the most we will pay per occurrence under this endorsement is:  
  
    \$20,000.

This amount is the most we will pay for any one occurrence regardless of the number of locations involved and any payments made will not increase the Per Occurrence Loss Limit or any other applicable limit of insurance.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **WINDSTORM OR HAIL LOSS REPORTING LIMITATION ADDENDUM**

Regardless of anything to the contrary in the policy to which this endorsement is attached, the following limitations apply in reference to reporting of claims under this policy:

With respect to loss or damage caused by windstorm or hail, including any named storm, you must give us prompt notice of the loss or damage and include a description of the property involved, and as soon as possible give us a description of how, when and where the loss or damage occurred. In no event may a claim be filed with us later than one year after the date of the loss or damage that is the subject of the claim.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **PRE-EXISTING DAMAGE EXCLUSION**

We do not cover any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing building damage at the time of loss insured under this policy.

The above exclusion shall automatically be removed upon:

- a.** The completion of all building repairs; and
- b.** Written evidence, signed by a licensed general contractor, stating that such building repairs have been completed.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **APPRAISAL**

This endorsement replaces the Appraisal Condition in the coverage form.

### **Appraisal**

If we and you disagree on the amount of loss, we may make a 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 on an umpire, we may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss, including an itemized determination of (1) the actual cash value for each damaged item included in the claim, and (2) the replacement cost value, if applicable under the policy, for each damaged item included in the claim. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding, and the decision must be itemized as specified in (1) and (2) above. Each party will:

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

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

Under no circumstance is appraisal allowed under this policy to determine causation or the existence or non-existence of coverage.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **LEGAL ACTION CONDITIONS ENDORSEMENT**

This endorsement adds the following to LEGAL ACTION AGAINST US elsewhere in this Policy:

In the event of any litigation involving any matter arising out of or relating to this Policy, it is agreed that any Named Insured, any additional insured, any purported insured, or any beneficiary or purported beneficiary of this Policy shall submit to the jurisdiction of the New York state and New York federal courts, and shall comply with all the requirements necessary to give such courts jurisdiction. Any litigation arising out of or relating to this Policy shall be brought only in the state or federal courts of New York. Nothing in this clause constitutes or should be understood to constitute a waiver of the Company's right to remove an action to a United States District Court.

All matters arising out of or relating to this Policy shall be determined in accordance with the law and practice of the State of New York (notwithstanding New York's conflict of law rules). All matters include, without limitation, the procurement, formation, issuance, validity, interpretation, and enforcement of this Policy, as well as claim handling and any other performance in connection with this Policy.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **COMMUNICABLE DISEASE EXCLUSION**

- A.** We will not pay for loss, damage, cost or expense of any nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event that contributes concurrently or in any sequence thereto. This exclusion applies whether or not the loss event results in a pandemic or affects a substantial area.
- B.** As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
- 1.** The substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not; and
  - 2.** The method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from, to or through any surface or object, solid, liquid or gas or between organisms; and
  - 3.** The disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.
- C.** This exclusion applies to all property 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, action of civil authority, contingent business income, business income and/or extra expense from dependent properties, ingress and egress, or utility services.
- D.** With respect to any loss or damage subject to this exclusion, the application of such exclusion supersedes the application of any exclusion relating to "pollutants".

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED. PLEASE READ IT CAREFULLY.**

## **CYBER AND DATA ENDORSEMENT**

1. Notwithstanding any provision to the contrary within this Policy or any endorsement thereto, this Policy excludes any:
  - a. "Cyber Loss", unless subject to the provisions of **2.** below;
  - b. Loss, damage, liability, claim, cost, or expense of any nature directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any "Data", including any amount pertaining to the value of such "Data", unless subject to the provisions of **3.** below;
  - c. Loss, damage, liability, claim, cost, or expense of any nature directly or indirectly arising out of electrical or electromagnetic disturbances including electromagnetic pulse, solar flare, magnetic damage, disturbance of or erasure of electronic recordings, or any space weather phenomenon as classified by National Oceanic and Atmospheric Administration (NOAA);
  - d. Loss, damage, liability, claim, cost, or expense of any nature directly or indirectly caused by the transfer or delivery of Covered Property on the basis of unauthorized or fraudulent instructions, including but not limited to instructions transmitted by a computer, whether or not owned by you, or via any telecommunications transmission method; or
  - e. Actual or alleged loss of goods, money, or securities resulting from Social Engineering";

Regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2. Subject to all the terms, conditions, limitations, and exclusions of this Policy or any endorsement thereto, this Policy covers physical loss or physical damage to property insured under this Policy caused by any ensuing fire or explosion which directly results from a "Cyber Incident", unless that "Cyber Incident" is caused by, contributed to by, resulting from, arising out of, or in connection with a "Cyber Act" including, but not limited to, any action taken in controlling, preventing, suppressing, or remediating any "Cyber Act".
3. Subject to all the terms, conditions, limitations, and exclusions of this Policy or any endorsement thereto, should "Data Processing Media" owned or operated by you suffer physical loss or physical damage insured by this Policy, then this Policy will cover the cost to repair or replace the "Data Processing Media" itself plus the costs of copying the "Data" from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering, or assembling the "Data". If such media is not repaired, replaced, or restored the basis of valuation shall be the cost of the blank "Data Processing Media". However, this Policy excludes any amount pertaining to the value of such "Data", to you or any other party, even if such "Data" cannot be recreated, gathered, or assembled.

#### **4. DEFINITIONS**

- a. "Computer System" means any computer, hardware, software, communications system, electronic device (including, but not limited to, any smart phone, laptop, tablet, wearable device), server, cloud, or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment, or back up facility, owned or operated by you or any other party.
- b. "Cyber Act" means an unauthorized, malicious, or criminal act or series of related unauthorized, malicious, or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of, or operation of any "Computer System". "Cyber Act" includes "Social Engineering".

- c. "Cyber Incident" means:
- i. Any error or omission or series of related errors or omissions involving access to, processing of, use of, or operation of any "Computer System"; or
  - ii. Any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use, or operate any "Computer System".
- d. "Cyber Loss" means any loss, damage, liability, claim, cost, or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any "Cyber Act" or "Cyber Incident" including, but not limited to, any action taken in controlling, preventing, suppressing, or remediating any "Cyber Act" or "Cyber Incident".
- e. "Data" means information, facts, concepts, code, or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted, or stored by a "Computer System".
- f. "Data Processing Media" means any property insured by this Policy on which "Data" can be stored but not the "Data" itself.
- g. "Social Engineering" means the use of any deceptive, dishonest, fraudulent, or unauthorized representation or instruction or other malicious technique to induce an individual into performing a specific action, or divulging specific confidential or personal information, for fraudulent purposes.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**



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

## **NEWLY ACQUIRED PROPERTY ENDORSEMENT**

This endorsement supersedes any other coverage that refers to Building and Personal Property coverage for newly acquired property.

“We” extend Covered Property to include real and personal property of the type insured under the policy that is rented, leased, purchased, or acquired by the Insured after the inception date of this policy and is located within the Coverage Territory.

Coverage under this endorsement ceases at the earliest of the following dates:

1. 60 days from the date of rental, lease, purchase or acquisition of such property; or
2. When such newly acquired property is bound by the Company; or
3. When the Company notifies the Insured that it will not bind the coverage for such property; or
4. When this Policy expires or is cancelled.

The most we will pay for loss or damage under this endorsement from a Covered Cause of Loss is \$350,000. This does not increase the Limit of Insurance as stated in the Declarations and applies to all newly acquired property for any one occurrence.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **TOTAL POLLUTION EXCLUSION**

This endorsement supersedes any existing terms, conditions, limitations, exclusions, coverages, additional coverages and definitions regarding "pollutants" within any property coverage forms or related endorsements within this policy.

We will not pay for loss, damage, cost, or expense caused, in whole or in part, directly or indirectly by, resulting from, contributing to, or made worse by, or arising out of or in connection with, the following:

- A.** The actual, alleged, or threatened exposure to, or discharge, dispersal, release, or escape of, "pollutants";
- B.** Testing for, monitoring, cleaning up, treating, removing, extracting, detoxifying, or neutralizing "pollutants" or in any way responding to or assessing the existence, concentration, or effects of "pollutants";
- C.** The enforcement of, or compliance with, any ordinance, law, or governmental direction resulting from or arising out of the actual, alleged or threatened exposure to, or discharge, dispersal, release, or escape of, "pollutants".

Such loss, damage, cost, or expense is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies regardless of the size or scope of the exposure to, or discharge, dispersal, release, or escape of, "pollutants".

"Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned, or reclaimed. "Pollutants" includes any naturally occurring or manmade substances which can cause or threaten damage to human health or human welfare, or causes or threatens damage to, or deterioration, loss of value, marketability or loss of use of, any property. Such substances include, but are not limited to bacteria, virus, nanoparticles, electromagnetic radiation, or other hazardous substances. Hazardous substances include, but are not limited to, those listed in the Federal Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, Toxic Substances Control Act or as designated by the U.S. Environmental Protection Agency.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **ACTUAL CASH VALUE (ACV) DEFINITION**

It is agreed that the definition of "Actual Cash Value" wherever used in this policy is as follows:

"Actual Cash Value" (sometimes referred to in this policy as ACV) means the value of the lost or damaged property or part of the property at the time of loss, calculated as the estimated cost to repair or replace such property, less a deduction to account for pre-loss depreciation. For this calculation, all components of this estimated cost are subject to depreciation, including but not limited to:

1. Materials, including any tax;
2. Labor, including any tax;
3. Overhead and profit, if applicable;
4. Fees and permits; and
5. Debris removal.

The deduction for depreciation may include, but is not limited to, such considerations as:

1. Age;
2. Condition;
3. Reduction in useful life;
4. Obsolescence; and
5. Any pre-loss damage including wear, tear, or deterioration.

The amount of any depreciation is not limited to a maximum percentage deduction.

The "Actual Cash Value" of any lost or damaged property may be significantly less than its Replacement Cost.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **AMENDED LIMITATIONS**

This endorsement modifies insurance provided under the following:

### **CAUSES OF LOSS – SPECIAL FORM**

The following replaces **C. Limitations 1.c.** in this Coverage Part or Policy.

- c.** The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - (1)** The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure; or
  - (2)** 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. However, we will not pay for any loss or damage, caused in whole or in part, directly or indirectly by, resulting from, contributed to or made worse by, or in connection with, any of the following causes of loss, regardless of any other cause or event that contributes concurrently or in any sequence to the loss: wet or dry rot; wear and tear; rust; corrosion; decay; deterioration; hidden or latent defect; settling; cracking; shrinking or expansion; or faulty, inadequate or defective planning, design, specifications, workmanship, repair, construction, materials, or maintenance.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

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

## **FULLY EARNED PREMIUM FOR ACTUAL TOTAL LOSS OR CONSTRUCTIVE TOTAL LOSS**

**A.** It is hereby understood and agreed that in the event of a covered "Actual Total Loss" or "Constructive Total Loss" of any item of property insured during the policy period, the premium attributed to all values at that building or structure shall be considered fully earned at the time of the loss. No return premium will be owed in the event the policy is cancelled or the values at that building or structure are removed from the policy by endorsement.

**B.** For the purpose of this endorsement only, the following definitions apply:

"Constructive Total Loss" means Covered Property that is damaged and is treated as a total loss because the cost of repairing the damaged Covered Property equals or exceeds the value of the Covered Property, the Actual Cash Value of the Covered Property, or the applicable Limit of Insurance, whichever is the lesser amount.

"Actual Total Loss" means a loss that occurs when the Covered Property is totally destroyed or damaged in such a way that it can be neither recovered nor repaired for further use.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

**Mt. Hawley Insurance Company**

Peoria, Illinois 61615

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

**SERVICE OF SUIT ENDORSEMENT**

It is agreed that service of process in any suit against the Company may be made upon the Superintendent, Commissioner, or Director of Insurance or other person specified for that purpose in the statute or his successor or successors in office as their true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of any Named Insured or any additional insured or any beneficiary hereunder arising out of this contract of insurance.

The Company hereby designates Craig W. Kliethermes, President,

**Mt. Hawley Insurance Company**

9025 N. Lindbergh Drive, Peoria, Illinois 61615 as the person to whom the said Superintendent, Commissioner, or Director of Insurance is authorized to mail such process or a true copy thereof, in compliance with the applicable statutes governing said service of process in the state or jurisdiction.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.**

## SIGNATURE PAGE

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



Corporate Secretary



President & COO