SELECTIVE INSURANCE®

POLICY DOCUMENT

S 2325730

INSURED'S COPY

POLICY SCHEDULE

SELECTIVE INSURANCE
BRANCHVILLE, NEW JERSEY 07890

ISSUE DATE: 04/04/2025

Policy No	Issued To
S 2325730	SACRAMENTO GREENS LLC

Period	Transaction Type	Agent Number
06/07/2025 06/07/2026	RENEWAL	00-30001-00000

Billing Type	Transaction Eff. Date	Number of Remaining Installments
DIRECT BILL	06/07/2025	01

BILL ACCOUNT: 447 545 388

PAYMENT WILL BE BILLED AS FOLLOWS:

	SCHEDULED BILL DATE	SCHEDULED DUE DATE	PREMIUM AMOUNTS
01.	05/18/2025	06/07/2025	3,576.00
		TOTAL	$3,576.00

THIS IS NOT A BILL.

Your bill will be sent under separate cover. This is a Payment Schedule of your policy premium due based on your selected installment plan. Changes made to the policy premium after the issue date listed above, will be reflected on future bills.

An installment fee of $0.00 may be added to each installment bill. Policies not paid by the installment due date are subject to a late fee of $30.00 for each late payment. An insufficient fund fee of $30.00 will be charged for payments returned by your financial institution.

A reinstatement fee may be incurred when a policy is reinstated after a non-pay cancellation is processed. Fee amounts are generally $35 for commercial line policies and will appear on the next bill.

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MISC-1591 (02/16)

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IMPORTANT NOTICE ABOUT YOUR PAYMENT PLAN AND LATE PAYMENTS UNDER YOUR PAYMENT PLAN:

If you have selected a payment plan option to pay for Your policy or policies with Us, we will send You a bill or email notification when premium is due. Bills will show (1) the billed minimum amount due on Your account for that month, and (2) the total balance due on Your account, including late and installment fees, if any have been charged. On or before the due date We specify in Your bill, You will be required to pay Us the total billed minimum amount shown in order to stay current in your payments due to Us (excluding any policy or policies that are pending cancellation).

Any time a payment is late and You fall behind on the amount that is owed to Us for the policy premium, we will issue a policy cancellation notice for failure to pay the premium, and we may charge you a late fee. For the first two times you fall behind, if You pay the total amount due before the cancellation effective date indicated in the notice, the policy or policies will remain in effect. If, however, We issue a third cancellation notice for nonpayment of premium, We will accelerate the remaining payments due under the payment plan and require You to pay **the full outstanding policy premium (not just the total billed minimum amount in the most recent bill) on or before the cancellation effective date.** If You do not pay the full outstanding balance on or before the cancellation effective date, We will cancel Your policy. If Your policy or policies are cancelled or expired, Your enrollment in an electronic payment option will continue, despite the fact that the policy(s) have been cancelled with Selective and may remain in effect until such time as any payment for any earned premiums, audit balances or other amounts related to your account are settled. If more than one policy is subject to a payment plan, We will apply partial payments proportionately to the billed minimum amount for each policy. Any policy that is not paid in full after this allocation will be subject to cancellation for nonpayment of premium, as provided in the policy.

Selective Insurance
Main Administrative Offices
40 Wantage Avenue Branchville
New Jersey 07890
(973) 948-3000

"Selective Insurance" refers to the following affiliated insurers:
Selective Insurance Company of America, Selective Way Insurance Company, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast, Selective Insurance Company of New York, Selective Insurance Company of New England, Selective Casualty Insurance Company, Selective Fire and Casualty Insurance Company, and Selective Auto Insurance Company of New Jersey. The declarations page of your policy identifies the insurance carrier that issued your "Selective Insurance" policy.

IMPORTANT NOTICE REGARDING AGENT COMPENSATION

We sell our insurance products and services through appointed independent insurance agencies and agents ("Agent" or "Agents"). Because Agents also generally represent several of our competitors, our primary marketing strategy is to:

- Develop close relationships with each Agent by (i) soliciting their feedback on products and services, (ii) advising them concerning company developments, and (iii) investing significant time with them professionally and socially; and

- Develop with each Agent, and then carefully monitor, annual goals regarding (i) types and mix of risks placed with us, (ii) amounts of premium or numbers of policies placed with us, (iii) customer service levels, and (iv) profitability of business placed with us.

We pay Agents commissions and other consideration for business placed with us (and we do not authorize our Agents to receive other monies for our insurance). We seek to compensate our Agents fairly and in a way consistent with market practices.

Our Agent compensation programs may include one or more of the following depending on the Agent's overall business relationship with us:

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- **Commission Payments.** We pay commission based on a percentage of the premium the policyholder pays. The amount of commission varies depending on policy type, state location of risk, and other factors.

- **Additional Commission Payments**. We may pay additional and varying percentages of premium for attainment of certain goals we set with the Agent, including:

    - **Profitability,** which we determine by comparing losses and expenses to premium;

    - **Volume**, which is the amount of premium written with us;

    - **Growth and Retention,** which we measure by comparing premium volume or number of policies for overall or specific types of policies; or

    - **Annual Plan Performance,** which we measure according to performance standards determined by us and the Agent.

  In certain cases, an Agent may put additional commissions at risk and become obligated to pay us amounts if certain goals are not met.

- **Expense Reimbursement.** We may reimburse certain marketing and other expenses incurred for placing business with us.

- **Entertainment and Other Things of Value.** We may entertain or provide other things of value, including travel and gratuities, to Agents who we believe provide exceptional value to our policyholders and shareholders.

- **Business Production Incentive Programs.** We may provide Agents or their employees opportunities to receive additional compensation (cash or contest prizes) for certain activities or tasks, such as placing specific types of policies with us or inputting data through one of our technology systems.

- **Loss Control Agreements.** We may pay Agents a flat fee or a percentage of commission for safety and loss control surveys, inspections, accident or claim investigations.
- **Agent Stock Purchase Plan.** Certain of our Agents participate in a stock purchase plan that allows those Agents to purchase common stock in Selective Insurance Group, Inc. at a 10% discount to market and requires those agents to hold the stock for at least one year before they can transfer it.

As supporters of the independent insurance agency distribution system, we may provide Agents from time-to-time with tools and programs designed to preserve and strengthen the independent agency distribution system, including assistance with producer recruitment and/or training, loans, or loan guarantees. These tools and programs, which may be experimental, are provided to assist our Agents in the perpetuation of robust independent insurance agencies and are not conditioned on the imposition of extraordinary current or future production conditions.

We also distribute our insurance products to a limited extent through select insurance brokers which we compensate with some of the same compensation tools we use for Agents. If you have engaged a broker to place insurance with us, please ask the broker if any of the above described compensation arrangements are in effect with us.

Please direct questions regarding specific compensation to your Agent.

IMPORTANT NOTICE TO POLICYHOLDERS
EQUIPMENT BREAKDOWN COVERAGE
JURISDICTIONAL INSPECTION SERVICE

This notice is an advisory notice and is not a part of your policy. For complete information on all coverages, terms, conditions and exclusions, please review your policy. If there is any conflict between your policy and this notice, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

This Selective Insurance policy includes equipment breakdown coverage. The Hartford Steam Boiler Inspection and Insurance Company (HSB) is an equipment specialist working with Selective Insurance to provide equipment related inspection services. Our combined goal is to provide the highest quality insurance program and services that will help you protect your equipment and your business.

There may be laws or regulations in your city, county or state that require periodic boiler inspections. The scope of the laws may also include air conditioning systems, refrigeration systems and pressure vessels. Most Jurisdictional Authorities charge a fee for both the inspection and the certificate. HSB will perform the inspection for you at no cost as an integral part of your insurance program. The certificate fee or any fine levied by the Jurisdiction for not complying with the laws or regulations, is not a part of this service.

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If you answer yes to any of the following questions, you may require a certificate inspection. Contact the HSB Inspection Hotline and the customer service representative will assist you.

- Does my location contain any heating or process boilers?
- Does my location have any large hot water heaters (200,000+ btu/hr)?
- Does my location contain any pressure vessels (air tanks, hot water storage tanks)?
- Does my location have a central air conditioning system?

HSB INSPECTION HOTLINE

Telephone: **1-800-333-4677**
Fax: **1-484-582-1811**
E-mail: **NSCINSP_HOTLINE@hsb.com**

Please provide the following information:

- Policy Number
- Insured Name
- Location Name and Address
- Contact Name and Phone Number

PRAESIDIUM

WHAT YOU DON'T KNOW CAN HURT THOSE IN YOUR CARE AND YOUR ORGANIZATION.

Adopting a solid screening and selection process is your first line of defense in creating a safe environment. A thorough, consistent screening process may also discourage would-be offenders from targeting your organization. Failure to discover a known offender can affect those in your care and the organization's reputation, financial stability, and trust within the community. Who you should screen can depend on many factors, such as if the person is a new full-time hire, a season hire, or even a current employee. In determining the types of checks to utilize, organizations should follow all state, federal, and licensing regulations and consider an individual's level of access. Level of access may be influenced by:

WHO IS PRAESIDIUM?

Praesidium is the national leader in abuse risk management. With more than two decades of experience, and serving thousands of clients, our dedicated team of researchers, psychologists, attorneys, social workers, and human resource professionals have analyzed thousands of cases of abuse in organizations and synthesized the latest scientific research. We know how abuse happens in organizations . . . and how to prevent it.

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- **Frequency:** How frequently does the individual work around or interact with consumers? Is it a one-time event or every day?
- **Duration:** What is the duration of the individual's interactions? Is it a one-time, one-hour event or an entire summer?
- **Level of Supervision:** Are the individual's interactions always supervised by another adult or are they one-on-one with consumers?
- **Nature of the Relationship:** What is the nature of the relationship between the individual and the consumers in the program? Does the individual merely supervise an area during an event that has consumers, or are they getting to know individual consumers and families while counseling, tutoring, or providing personal care services?

Selective Insurance has partnered with Praesidium to offer you discounted background screening services for your organization.

FOUR ELEMENTS FOR A THOROUGH BUT COST-EFFECTIVE BACKGROUND CHECK:

- **Check Facts:** Aliases, DOBs, and address history all drive research and help to paint a complete picture.
- **Search Wide:** Multi State criminal and national sex offender databases will identify the unexpected.
- **Search Deep:** Targeted county level searches will give real-time information where records are most likely to be found.
- **Ask Questions:** References can provide insights on behavior and clues to non-criminal boundary issues.

WHO SHOULD YOU SCREEN, AND HOW OFTEN?

- **New Hires/Volunteers:** A thorough, consistently applied background screening process at the time of hire is your first and best opportunity to identify the problem.
- **Seasonal Hires/Volunteers:** Seasonal staff present a unique risk because you don't see them for months at a time, but it's often not practical to complete a full new hire process each season. An annual check-in plan is key.
- **Re-Screening:** Conducting targeted checks on your full-time employees at least every 3 years helps you identify issues before they impact your organization.

For more information go to: selective.com/praesidium - (800.743.6354) - selective@praesidiuminc.com

In order to receive this exclusive benefit please identify yourself as a Selective Insurance agent or insured.

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BACKGROUND SCREENING FOR SELECTIVE INSUREDS

Praesidium offers a selection of background screening packages plus a la carte services to empower your organization to conduct right-sized research. Praesidium's team can help contextualize the screening process as part of an overall culture of safety and discuss how screening works in hand with other abuse prevention efforts. Praesidium's team can also help you understand who to screen, how often, and the importance of re-screening.

In addition to Background Screenings - you can now access Praesidium Academy to add further training on abuse prevention. Praesidium Academy online training includes supporting tools that enhance both the short and long-term effectiveness of the training experience and produce sustainable changes in employee and volunteer behavior. Access to this system is **free** to Selective insureds.

	LOW ACCESS VOLUNTEERS	HIGH ACCESS VOLUNTEERS	EMPLOYEES	FINANCIAL ACCESS	ALA CARTE
	STARTING AT $16	STARTING AT $16	STARTING AT $16	STARTING AT $37	INDIVIDUAL COST PER SERVICE
Employment Credit ($60 one-time set up fee required)				X	$10.00
Confidence Multi State Criminal and Sex Offender Database w/Alias**	X	X	X	X	$ 9.00
7 Yr County Criminal Records Search: Current County of Residence*	X	X	X	X	$ 7.00
Add'l Counties Added As Needed Based on 7 yr Address History*		X	X	X	$ 5.50
County Civil Records Search (upper):1 County*				X	$11.00
Motor Vehicle Records Search*					$ 5.00
Employment Verification: 1 Position*					$ 8.00
Education Verification: 1 Degree*					$ 7.00
Personal Reference: 1 Reference					$11.00
Professional Reference: 1 Reference					$12.00
International Criminal Search 1 Jurisdiction*					$50.00
Social Media Search: Basic (3 Years)					$ 7.50
Social Media Search: Pro (7 Years)					$12.50

* 3rd Party keeper fees may apply and will be passed on at cost when incurred.
** Criminal records found in the Multi State database check are subject to verification at the source and additional costs may apply.

For more information go to: selective.com/praesidium - (800.743.6354) - selective@praesidiuminc.com
In order to receive this exclusive benefit please identify yourself as a Selective Insurance agent or insured.

IMPORTANT NOTICE TO POLICYHOLDERS

COMMERCIAL PROPERTY INSURANCE TO VALUE

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS NOTICE, THE PROVISION OF THE POLICY SHALL PREVAIL.

REGARDING BUILDING INSURANCE TO VALUE

The replacement cost for building(s) insured on this policy is an estimated replacement cost based on general information about your building(s). It is developed from models that use estimated cost of construction materials and estimated labor rates for like buildings in the area. The actual cost to replace your building(s) may be significantly different. Selective Insurance does not guarantee that this figure will represent the actual cost to replace your building(s). You are responsible for selecting the appropriate amount of coverage and you may obtain your own insurance replacement cost appraisal. Additional information you obtain on the replacement cost of your building(s) can further assist you in making a more informed decision about the true value of your building(s). Selective Insurance will consider and accept, if reasonable, your appraisal. Any higher coverage amounts selected will result in higher premiums. You may contact your insurance agent to assist you in obtaining your own insurance replacement cost appraisal or contact one of the numerous companies providing insurance replacement cost appraisals for commercial buildings.

REGARDING BUSINESS PERSONAL PROPERTY INSURANCE TO VALUE

The replacement cost for your Business Personal Property insured on this policy is based on values provided by you. You are responsible for selecting the appropriate amount of coverage to ensure adequate replacement cost values.

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POLICYHOLDER DISCLOSURE NOTICE
OFFER OF TERRORISM INSURANCE COVERAGE
AND
REJECTION FORM — EFFECTIVE UNTIL REVOKED

Offer of Coverage:

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from "acts of terrorism", as defined in Section 102(1) of the Act. The term "act of terrorism" means any act or acts that are 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.

You may accept or reject insurance coverage for losses resulting from certified "acts of terrorism".

- If you accept this offer of coverage simply pay your billed premium, which includes the amount shown below. You do not need to do anything else.
- If you would like to reject this coverage, please see the section of this form entitled Rejection of Terrorism Insurance Coverage and follow the instructions. **Please note that if you reject coverage for losses resulting from certified "acts of terrorism", we will not provide coverage on renewals of this policy unless you ask us for coverage in the manner set forth in our "Offer of Terrorism Insurance Coverage When Terrorism Insurance Coverage Was Previously Rejected" form, which will be attached to renewals of this policy.**

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Disclosure of Premium:

The portion of your annual premium that is attributable to coverage for "acts of terrorism" is $69.00 and does not include any charges for the portion of loss that may be covered by the federal government under the Act.

Please be aware that even if you purchase coverage for losses resulting from certified "acts of terrorism", your policy will still contain other policy terms, conditions, limitations and exclusions that may impact whether coverage is available in the event of a loss resulting from a certified "act of terrorism".

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Federal Participation in Payment of Terrorism Losses :

You should know that where 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. Under the formula, the United States Government generally reimburses 80% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

Cap on Insurer Participation in Payment of Terrorism Losses :

You should also know that the Terrorism Risk Insurance Act, as amended, contains a $100 billion cap that limits United States 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.

Rejection of Terrorism Insurance Coverage :

You may reject this offer of coverage by checking the box, filling in the information below, signing and returning this form to your agent. If you choose to reject this offer of coverage, we will add an exclusionary endorsement to your policy to eliminate coverage for losses resulting from certified "acts of terrorism".

Rejection of Coverage - Effective Until Revoked

☐ **I HAVE READ THIS FORM IN ITS ENTIRETY AND DO NOT WANT TO PURCHASE COVERAGE FOR CERTIFIED "ACTS OF TERRORISM". I UNDERSTAND THAT THIS REJECTION IS EFFECTIVE UNTIL I AFFIRMATIVELY REVOKE IT IN THE MANNER SET FORTH IN SELECTIVE'S "OFFER OF TERRORISM INSURANCE COVERAGE WHEN TERRORISM INSURANCE COVERAGE WAS PREVIOUSLY REJECTED" FORM, AND THAT IF I SIGN THIS FORM THIS POLICY AND ANY RENEWALS WILL EXCLUDE COVERAGE FOR LOSSES RESULTING FROM CERTIFIED "ACTS OF TERRORISM".**

	SELECTIVE INSURANCE COMPANY OF THE SOUTHEAST
Policyholder/Applicant's Signature	Insurance Company
	S 2325730
Print Name	Policy or Quote Number
Title	
Date	

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NOTICE TO RENEWING POLICYHOLDERS
CUSTOMER NOTICE ABOUT POLICY DELIVERY & PRINTING

Selective provides you with the choice of receiving your insurance policy documents in printed form or digital form.

You can request delivery of your policy in digital format at any time - simply contact your independent agent. (To comply with state insurance regulations, Selective asks for your consent prior to delivering your policy in digital format.)

We want to make your customer experience as convenient as possible, while being good stewards of costs and the environment. When you renew your policy with Selective:

1. We do not print certain forms previously provided to you. Typically, these include:
   a. Policy forms that do not include your specific customer information.
   b. Policy forms with your information that have not been revised.
2. We do print new forms, forms that have changed, and forms that have your specific policy information.

For your convenience, a complete copy of your policy including all forms is always available to you online through Selective's Customer Self-Service portal. You can view your policy information at any time - 24 hours a day, 7 days a week. You can sign up and log in by visiting selective.com and following the login process.

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IMPORTANT NOTICE TO POLICYHOLDERS

Asbestos Exclusion IL 89 56

Broadenings, Reductions, and Clarifications in Coverage

Thank you for choosing Selective for your insurance needs. This notice is intended to help clarify your coverage, highlighting recent changes that include areas of broadening and/or reductions in coverage, to help keep you better informed. This notice does not reference every editorial change made in your policy.

This notice is not part of your policy and does not IMPACT THE AVAILABILITY, OR NATURE OR SCOPE OF YOUR coverage. For complete information on all coverage, terms, conditions, LIMITATIONS and exclusions, please review your policy and its Declarations page CAREFULLY. If there is any conflict between your policy and this notice, the provisions of the policy will govern.

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REDUCTIONS IN COVERAGE

Asbestos Exclusion **IL 89 56** has been revised to include the Commercial Inland Marine coverage part. As a result, all inland marine coverage being provided by this policy does not apply to any loss or damage relating to the actual, alleged, or threatened presence of, or exposure to, “asbestos” as defined in the exclusion. This is a reduction in coverage if any of your inland marine coverage has an asbestos exposure.

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Insurance is provided by the Company designated on the Declarations Page of this policy. The addresses of all Selective Insurance Companies are shown below:

Selective Insurance Company of America
40 Wantage Avenue
Branchville, NJ 07890

Selective Way Insurance Company
40 Wantage Avenue
Branchville, NJ 07890

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Selective Insurance Company of South Carolina
900 E. 96th Street, Suite 400
Indianapolis, IN 46240

Selective Insurance Company of New York
300 Olympic Towers
300 Pearl Street
Buffalo, NY 14202

Selective Insurance Company of the Southeast
900 E. 96th Street, Suite 400
Indianapolis, IN 46240

Selective Insurance Company of New England
40 Wantage Avenue
Branchville, NJ 07890

Administrative Offices of all Selective Insurance Companies are located at:
40 Wantage Avenue
Branchville, NJ 07890

NOTICE OF INFORMATION PRACTICES (LONG FORM)

MISC-798 06 01

Your application or information you provide in connection with a claim is our major source of information. However, in order to evaluate your application for insurance, to service your policy or to process a claim, we may ask for additional information about you and any person who will be insured under this policy or who is the subject of the claim. This is sometimes necessary to make certain that the statements on your application are accurate or to process the claim. We may also need more details than you have already given us.

INFORMATION WE COLLECT

In connection with an application, the information that we may collect will enable us to make possible judgments about your character, habits, hobbies, finances, occupation, general reputation, health or other personal characteristics. In connection with a claim, the information we may collect will enable us to process the claim.

We may obtain this information from several sources. For example, we may contact any physician, clinic or hospital where any persons to be insured or making a claim have been treated. We may need information from your employer. But, before we ask for information from any of these sources, we will ask you to sign an authorization, which gives us permission to proceed, unless authorization is not required by law.

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We may get information by talking or writing to other insurance companies to which you applied for a policy or with which you have made a claim, members of your family, neighbors, friends, your insurance agent and others who know you. We may also obtain information from motor vehicle reports, court records, or photographs of the property you want insured or with regard to which you have made a claim.

CONSUMER REPORTS

It is common for an insurance company to order a report from an independent organization — a consumer reporting agency or an insurance-support organization — to verify and add to the information that you have given us. These reports are used to help us decide if you qualify for the insurance for which you have applied or to evaluate the claim you have made.

They may:

_____ pertain to your mode of living, character, general reputation and personal characteristics such as health, job and finances.

_____ contain information on your marital status, driving records, etc.

_____ include information on the loss history of your property.

_____ include information gathered by talking or writing to you or members of your family, neighbors, friends ,your insurance agent and others who know you.

_____ include information from motor vehicle reports, court records or photographs of your property and/or the property involved in the claim.

Upon your request, the consumer reporting agency or insurance-support organization will attempt to interview you in connection with any report it prepares. The information may be kept by the reporting organization and may later be given to others who use its services. It will be given only to the extent permitted by the Federal Fair Credit Reporting Act and your local state law, if any. Upon request and identification, the consumer reporting agency or insurance-support organization will provide you with a copy of the report.

DISCLOSURE OF INFORMATION

Information we collect about you will not be given to anyone without your consent, except when necessary to conduct our business. There are some disclosures which may be made without your prior authorization. These include:

_____ Persons or organizations who need the information to perform a professional, business or insurance function for us, such as businesses that assist us with data processing or marketing.

_____ Other insurance companies, agents, or consumer reporting agencies as it may be needed in connection with any application, policy or claim involving you.

_____ Adjusters, appraisers, investigators and attorneys who need the information to investigate or settle a claim involving you.

_____ An insurance -support organization which is established to collect information for the purpose of detecting and preventing insurance crimes or fraudulent claims.

_____ A medical professional or institution to verify your insurance coverage or inform you of a medical condition of which you may not be aware.

_____ Persons or organizations that conduct scientific research, including actuarial or underwriting studies.

_____ Persons or organizations that will use the information for sales purposes, unless you indicate in writing to us that you do not want the information disclosed for this purpose.

_____ Our affiliated companies for auditing our operations and for marketing an insurance product or service.

In addition, we may provide information to state insurance departments in connection with their regulatory authority and to other governmental or law enforcement authorities to protect our legal interests or in cases of suspected fraud or illegal activities.

YOUR INSURANCE POLICY FILES

Information we collect about you will be kept in our policy files. We may refer to this information if you file a claim for benefits under any policy you have with us or if you apply to us for a new policy. You have the right to know what kind of information we keep in our files about you, to have access to the information, and to receive a copy. There are some types of information; however, to which we are not required to give you access. This type of information is generally collected when we evaluate a claim or when the possibility of a lawsuit exists.

If you want information from your files, please contact us. There may be a nominal charge for copies of records. If you think your file contains incorrect information, notify us indicating what you believe is incorrect and your reasons. We will reinvestigate the matter and either correct our records or place a statement from you in our files explaining why you believe the information is incorrect. We will also notify persons or organizations to whom we previously disclosed the information of the change or your statement.

CONFIDENTIALITY AND SECURITY OF PERSONAL INFORMATION

We restrict access to personal information to those individuals who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with legal standards and ensure the confidentiality of personal information in accordance with our policy.

TREATMENT OF PERSONAL INFORMATION OF FORMER CUSTOMERS AND APPLICANTS

We adhere to this personal information privacy policy even when a customer relationship no longer exists. Disclosures about former applicants and customers may be made without prior authorization as permitted by law.

If you have any questions about our information practices, please contact us.

CLAIMS-MADE EXPLANATORY NOTICE

(Important Information Regarding Employee Benefits Program Claims-Made Coverage)

I. The following is a limited summary for information purposes only. No coverage is provided by this summary, and it does not replace any provisions of the policy. You should refer to the coverage for actual terms and conditions of Coverage.

II. This insurance applies to those sums the insured becomes legally obligated to pay as "damages" because of any "claims" made against the insured by any employee, former employee or employee's beneficiaries or legal representative for injury caused by any negligent act, error or omission of any insured or of any other person for whose acts, errors or omissions the insured is legally liable, in the "administration" of the insured's "employee benefits program." We will have the right and duty to defend any "suit" seeking those "damages" even if the allegations of the "suit" are groundless, false or fraudulent.

III. This insurance applies only if a "claim" against the insured is first made in the "coverage territory" for "damages" because of a negligent act, error or omission in the "administration" of the insured's "employee benefits program:"

A. During the policy period by your employee, your former employee, or the beneficiaries or legal representatives of your employee or your former employee provided the insured at the effective date of this insurance had no knowledge of or could not have reasonably foreseen any circumstances which might result in such "claim," or

B. After the expiration of the policy period by your employee, your former employee, or the beneficiaries or legal representatives or your employee or your former employee provided:

1. The act, error or omission from which the "claim" results occurs during the policy period; and

2. The insured gives us written notice of the act, error or omission during the policy period, or within sixty (60) days after the policy period.

IV. Upon termination of coverage we will automatically provide a sixty (60) day Basic Extended Reporting Period.

V. Upon termination of coverage you may elect to purchase a Supplemental Extended Reporting Period. The cost of this Supplemental Extended Reporting Period is shown on the declarations schedule.

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Issued by The Stock Insurance Company

Policy Number
S 2325730

SELECTIVE INSURANCE COMPANY OF THE SOUTHEAST
900 E. 96TH STREET, INDIANAPOLIS, IN 46240

COMMERCIAL POLICY COMMON DECLARATION

Named Insured and Address	**Policy Period**
SACRAMENTO GREENS LLC 1117 VIRGINIA ST STE D BERKELEY, CA 94702	**From:** JUNE 7, 2025 **To:** JUNE 7, 2026 12:01 A.M Standard Time At Location of Designated Premises.
Named Insured is: LTD LIABILITY	**Producer Number:** 00-30001-00000

Producer: BERGER BRIGGS INS & RISK SOLUTIONS INC
NEW MEXICO

Schedule of Coverage

BUSINESSOWNERS COVERAGE
COMMERCIAL CRIME COVERAGE

PREMIUM INCLUDES TERRORISM - CERTIFIED ACTS $69.00

In return for payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance indicated in the schedule above. Insurance is provided only for those coverages for which a specific limit is shown on the attached coverage declaration(s).

PAYMENT METHOD
D/B - 1

Total Policy Premium $3,576.00
(This premium may be subject to adjustment.)

Date Issued: APRIL 3, 2025
Issuing Office: WEST REGION

Authorized Representative _____

00000FS 2325730 370

IL-7025 (11/89)

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Policy Number
S 2325730

SCHEDULE OF LOCATIONS

Policy Effective Date: June 7, 2025	Schedule Effective Date: JUNE 7, 2025

Prem. No.	Location	Bldg. No.	Occupancy
1	901 N FLORIDA AVE ALAMOGORDO, NM 88310	1	OFFICE

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IL-7036 (01/93)

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Policy Number
S 2325730

COMMERCIAL POLICY FORMS AND ENDORSEMENT SCHEDULE

Policy Effective Date: June 7, 2025	Schedule Effective Date: JUNE 7, 2025

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE COMMON COVERAGE PART:

IL 70 25	1189	COMMERCIAL POLICY COMMON DECLARATION
IL 70 36	0193	SCHEDULE OF LOCATIONS
IL 00 17	1198	COMMON POLICY CONDITIONS
IL 02 98	0515	NM CHANGES - CANCELLATION AND NONRENEWAL
IL 89 48	0818	EXCLUSION-LEAD HAZARD
IL 89 56	0522	ASBESTOS EXCLUSION

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE COMMERCIAL BUSINESS OWNERS COVERAGE PART:

BP 71 19	0919	BUSINESSOWNERS COVERAGE DECLARATIONS
BP 72 32	0918	MORTGAGE HOLDERS SCHEDULE
BP 72 50	1123	BUSINESSOWNERS SCHEDULE PREMIER COVERAGE
BP IN 01	0713	BUSINESSOWNERS COVERAGE FORM INDEX
BP 00 03	0713	BUSINESSOWNERS COVERAGE FORM
BP 01 09	0120	NEW MEXICO CHANGES
BP 01 29	0702	NM CHGS-PROP CLMS SETTLEMNT CATASTROSPHE
BP 04 17	0110	EMPLOYMENT RELATED PRACTICES EXCLUSION
BP 04 83	0110	REMOVAL OF INSURANCE TO VALUE PROVISION
BP 05 01	0702	CALCULATION OF PREMIUM
BP 05 23	0115	CAP ON LOSS FROM CERT ACTS OF TERRORISM
BP 05 77	0106	FUNGI OR BACTERIA EXCLUSION LIABILITY
BP 12 03	0110	LOSS PAYABLE PROVISIONS
BP 14 17	0110	DESIGNATED LOC GENERAL AGGR LIMIT
BP 15 04	0514	EXCL ACCESS DISCLOSURE CONFIDENTIAL INFO
BP 70 27	0918	ELECTRONIC INFORMATION SYSTEMS COVERAGE
BP 71 35	0325	EQUIPMENT BREAKDOWN
BP 71 44	0410	HIRED AUTO & NON OWNED AUTO LIABILITY
BP 72 27	0918	FINE ARTS
BP 72 46	1123	BOP PROPERTY ENHANCEMENT ENDORSEMENT
BP 72 47	0919	BOP LIABILITY ENHANCEMENT ENDORSEMENT
BP 72 67	0918	ORDINANCE OR LAW
BP 72 75	1221	BUSINESS LIABILITY COVERAGE - AGGREGATE
BP 79 11	0923	EMPLOYMENT PRACTICES LIAB LIMITED DEF
BP 80 13	0325	EQUIPT BRKDWN DED END
BP 80 30	0918	TWO OR MORE POL ISSUED-ANTI STACK
BP 80 44	1022	CYBER INCIDENT EXCLUSION
BP 80 52	0923	EXCLUSION-PFAS
BP 80 53	0923	EXCL-VIOLS OF LAW DATA PRIV (INCL BIPA)
IL 09 85	1220	DISCL PURSUANT TO TERR RISK INS ACT

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE COMMERCIAL CRIME FIDELITY COVERAGE PART:

CR 70 26	0323	CRIME AND FIDELITY COVERAGE DECLARATION
CR 00 21	0622	COMM CRIME COV FORM (LOSS SUST FORM)
CR 79 44	1123	CRIME-FIDELITY BOP PREMIER ENDORSEMENT
CR 79 52	1023	AMEND DEF OF EMPLOYEE BENEFIT PLAN
IL 09 35	0702	EXCL OF CERTAIN COMPUTER-RELATED LOSSES

NOTICE TO POLICYHOLDER: All the forms and endorsements contained in this policy as of the "Schedule Effective Date" are listed above. Forms and endorsements added to the policy after this date will appear on a "Policy Changes" endorsement. Please read your policy and all "Policy Changes" carefully.

NOTE: All applicable "IL" endorsements will be attached in the Common Section of the policy.

00000FS 2325730 372

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

POLICY NUMBER: s 2325730 **IL 09 85 12 20**

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

SCHEDULE

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SCHEDULE — PART I
Terrorism Premium (Certified Acts) $69.00 **This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies):** BUSINESSOWNERS COVERAGE PART **Additional information, if any, concerning the terrorism premium:**
SCHEDULE — PART II
Federal share of terrorism losses 80 % (Refer to Paragraph **B.** in this endorsement**.)**
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

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A. Disclosure Of Premium

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

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part **II** of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds $100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

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

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COMMON POLICY CONDITIONS

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

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

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

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

1. We have the right to:

a. Make inspections and surveys at any time;

b. Give you reports on the conditions we find; and

c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

a. Are safe or healthful; or

b. Comply with laws, regulations, codes or standards.

3. Paragraphs **1.** and **2.** of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph **2.** of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and

2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

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

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

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NEW MEXICO CHANGES — CANCELLATION AND NONRENEWAL

IL 02 98 05 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

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A. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

2. Permissible Reasons And Notice Period

a. If this Policy has been in effect less than 60 days and is not a renewal of a policy we issued, we may cancel for any reason by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation, provided that the cancellation becomes effective before the Policy has been in effect for 60 days.

b. If Paragraph **a**. does not apply, we may cancel only for one or more of the following reasons:

(1) Nonpayment of premium.

(2) There has been a substantial change in the risk assumed by us since the Policy was issued.

(3) The Policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by us.

(4) Willful and negligent acts or omission by the insured have substantially increased the hazards insured against.

(5) You presented a claim based on fraud or material misrepresentation.

c. If we cancel subject to **2.b.** above, we will mail or deliver to the first Named Insured written notice of cancellation at least:

(1) 10 days before the effective date of cancellation, for the reason set forth in **2.b.(1)**.

(2) 30 days before the effective date of cancellation, for the reason set forth in **2.b.(2)**.

(3) 15 days before the effective date of cancellation, for a reason set forth in **2.b.(3)**, **2.b.(4)** or **2.b.(5).**

The written notice will state the reason for cancellation, except that such statement may be omitted from a notice mailed to an additional insured or lienholder under this Policy.

B. The following condition is added and supersedes any provision to the contrary:

Nonrenewal

If we decide not to renew this Policy, we will mail to the first Named Insured written notice of the nonrenewal not less than 30 days before the expiration date of the Policy.

Proof of mailing will be sufficient proof of notice.

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EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

IL 09 35 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

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

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

(1) Computer hardware, including microprocessors;

(2) Computer application software;

(3) Computer operating systems and related software;

(4) Computer networks;

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

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

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

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

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

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss — Special Form; or

b. In a Covered Cause of Loss under the Causes Of Loss — Basic Form or the Causes Of Loss — Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

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EXCLUSION — LEAD HAZARD

IL 89 48 08 18

THIS EXCLUSION CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
AUTO DEALERS COVERAGE PART
GARAGE POLICY (VIRGINIA ONLY)
OWNERS and CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE and HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF TRANSPORTATION

This insurance does not apply to:

a. "Bodily injury" arising out of the ingestion, inhalation or absorption of lead in any form;

b. "Property damage" or “personal and advertising injury” arising from the presence of lead in any form; or

c. Any loss, cost or expense arising out of any orders by, or on behalf of, any governmental authority to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize lead in any form;

at or from any premises, sites or locations which are, or were at any time, owned by, rented to, loaned to, or used by any insured, or arising from operations by any insured.

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ASBESTOS EXCLUSION

IL 89 56 05 22

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE PART
BUSINESSOWNERS COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
AUTO DEALERS COVERAGE PART
MOTOR CARRIER COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCT/COMPLETED OPERATIONS LIABILITY COVERAGE PART

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1. It is agreed that this insurance does not apply to any loss or damage relating to the actual, alleged, or threatened presence of, or exposure to, "asbestos," including inhalation, ingestion, irritation, absorption or other similar physical exposure to "asbestos." Such presence of, or exposure to, "asbestos" includes, but is not limited to:

a. Structures or manufacturing processes containing "asbestos";

b. The disposal of "asbestos" or goods, products or materials containing "asbestos";

c. The storing or presence of "asbestos" or goods, products or materials containing "asbestos"; or

d. The removal of "asbestos" from any goods, products, materials, structures or manufacturing processes,

whether or not such "asbestos" is airborne.

2. We shall have no obligation under this coverage part:

a. To investigate, settle or defend any claim or "suit" against any "insured" alleging actual or threatened injury or damage of any nature or kind to persons or property which arises out of or would not have occurred but for the presence of, or exposure to, "asbestos"; or

b. To pay any damages, judgments, settlements, losses, costs or expenses of any kind or nature that may be awarded or incurred by reason of any such claim or suit or any such actual or threatened injury or damage from "asbestos"; or

c. For any losses, costs or expenses arising out of any obligation, order, direction or request of or upon any insured or others, including, but not limited to, any governmental obligation, order, direction or request, to test for, monitor, clean up, remove, contain, treat, neutralize, in any way respond to, or assess the effects of "asbestos."

3. "Asbestos" includes asbestos, asbestos fibers, asbestos materials, and asbestos products, or any goods or products containing asbestos or asbestos fibers, materials, or products.

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Previous Policy Number	Policy Number
S 2325730	S 2325730

CRIME AND FIDELITY COVERAGE DECLARATION

Policy Effective Date: June 7, 2025	Coverage Effective Date: JUNE 7, 2025

Business of Named Insured: LESSORS RISK

Insurance is provided only for those coverages which are shown in the following coverage schedule.

Coverage Schedule

Form of Coverage	Insuring Agreement	Limit	Deductible
LOSS SUSTAINED	EMPLOYEE THEFT (BLANKET)	$25,000	$250
	ERISA PLAN OFFICIAL DISHONESTY	$25,000	$0
	FORGERY OF NEGOTIABLE INSTRUMENTS	$25,000	$250
	COMPUTER AND FUNDS TRANSFER FRAUD	$10,000	$250
	INSIDE THE PREMISES - THEFT OF MONEY & SECURITIES	$15,000	$250
	OUTSIDE THE PREMISES	$10,000	$250
	MONEY ORDERS AND COUNTERFEIT MONEY	$10,000	$0

Insuring Agreement	Coverage Amendment	Limit	Deductible

Percentage of Deductible Amount Over Which Losses Must Be Reported : 100%

Percentage of Total Assets Applicable to Subsidiary Acquisitions : 30%

Forms and Endorsements:

Refer to **"Commercial Policy Forms and Endorsement Schedule"**

Premium Amount
$75.00

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COMMERCIAL CRIME COVERAGE FORM
(LOSS SUSTAINED FORM)

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

Throughout this Policy:

1. The words "you" and "your" refer to:

a. The first Named Insured shown in the Declarations; and

b. Any "employee benefit plan", "subsidiary" or other entity that is named as an Insured in the Declarations or included as an Insured by endorsement.

The first Named Insured in Paragraph **a.** above will act for itself and for every other Insured for all purposes of this insurance.

2. 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 **F.** Definitions.

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A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit Of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations, except as provided in the Loss Sustained During Prior Insurance Conditions **E.1.l.** and **E.1.m.,** which is "discovered" by a "designated person" during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition **E.1.h.:**

1. Fidelity

a. Employee Theft

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" includes forgery.

b. ERISA Plan Official Dishonesty

We will pay for loss of or damage to "money", "securities" and "other property" belonging to an "ERISA employee benefit plan" resulting directly from "fraud or dishonesty" committed by:

(1) An "ERISA plan official", whether identified or not; or

(2) You, but only if you are a sole proprietor;

acting alone or in collusion with other persons.

c. Employee Theft Of Clients' Property

We will pay for loss of or damage to "money", "securities" and "other property" sustained by your "client" resulting directly from "theft" committed by an identified "employee", acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" includes forgery.

2. Forgery Or Alteration

a. Forgery Of Negotiable Instruments

(1) We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(a) Made or drawn by or drawn upon you; or

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(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act will be treated the same as the original it replaced.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **(1)** above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay for such legal expenses is in addition to the Limit of Insurance applicable to this Insuring Agreement.

b. Forgery Of Payment Card Instruments

We will pay for loss resulting directly from "forgery" of written instruments required in conjunction with any credit, debit or charge card issued to:

(1) You; or

(2) Any of your "employees" or "ERISA plan officials";

for business purposes.

3. Inside The Premises - Theft Of Money And Securities

We will pay for:

a. Loss of "money" and "securities" inside the "premises" or "financial institution premises":

(1) Resulting directly from "theft" committed by a person present inside such "premises" or "financial institution premises"; or

(2) Resulting directly from disappearance or destruction.

b. Loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" or "securities", if you are the owner of the "premises" or are liable for damage to it.

c. Loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of, or unlawful entry into, those containers.

4. Inside The Premises - Robbery Or Safe Burglary Of Other Property

We will pay for:

a. Loss of or damage to "other property":

(1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or

(2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".

b. Loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.

c. Loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

5. Outside The Premises

We will pay for:

a. Loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.

b. Loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

6. Computer And Funds Transfer Fraud

We will pay for:

a. Loss resulting directly from a fraudulent:

(1) Entry of "electronic data" or "computer program" into; or

(2) Change of "electronic data" or "computer program" within;

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any "computer system", provided that the fraudulent entry or fraudulent change causes, with regard to Paragraphs **(1)** and **(2)** above:

(a) "Money", "securities" or "other property" to be transferred, paid or delivered to a person, entity or account beyond your control; or

(b) Your account at a "financial institution" to be debited or deleted;

without your knowledge or consent.

b. Loss resulting directly from a "financial institution" debiting your "transfer account" in reliance upon a "transfer instruction" purportedly issued by you directing the "financial institution" to transfer, pay or deliver "money" or "securities" from that account, but which "transfer instruction" proves to have been fraudulently issued by an imposter without your knowledge or consent.

7. Fraudulent Impersonation

We will pay for:

a. Loss resulting directly from you having acted upon a "transfer instruction" that was, in fact, issued by a "client" or "vendor", but in which the bank account information or wire transfer instructions of such "client" or "vendor" had been changed by you acting in good faith reliance upon a "change of account request" purportedly issued by an "authorized person" or the "client" or "vendor", but which "change of account request" proves to have been fraudulently issued by an imposter without the knowledge or consent of the "authorized person", "client" or "vendor" and the fraudulent act resulted in you transferring, paying or delivering "money" or "securities" to a person, entity or account beyond your control; or

b. Loss resulting directly from you having acted in good faith reliance upon a "transfer instruction" purportedly issued by an "authorized person", "client" or "vendor" and you transferred, paid or delivered "money" or "securities" to a person, entity or account beyond your control, but which "transfer instruction" proves to have been fraudulently issued by an imposter without the knowledge or consent of the "authorized person", "client" or "vendor".

8. Money Orders And Counterfeit Money

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

a. Money orders issued by any post office, express company or "financial institution" that are not paid upon presentation; or

b. "Counterfeit money" that is acquired during the regular course of business.

B. Limit Of Insurance

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit Of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or coverage, the most we will pay for such loss will not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or coverages.

C. Deductible

We will not pay for loss resulting directly from an "occurrence", unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

D. Exclusions

1. Exclusions Applicable To All Insuring Agreements

This insurance does not cover:

a. Acts Committed By You, Your Partners Or Members

Loss resulting from "theft" or any other fraudulent or dishonest act committed by:

(1) You; or

(2) Any of your partners or "members";

whether acting alone or in collusion with other persons, except when covered under Insuring Agreement **A.1.b.**

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b. Acts Committed By Your Employees, ERISA Plan Officials, Managers, Directors, Trustees Or Representatives

Loss resulting from "theft" or any other fraudulent or dishonest act committed by any of your "employees", "ERISA plan officials", "managers", directors, trustees or authorized representatives:

(1) Whether acting alone or in collusion with other persons; or

(2) While performing services for you or otherwise;

except when covered under Insuring Agreement **A.1.a., A.1.b.** or **A.1.c.**

c. Acts Committed By Your Employees Or ERISA Plan Officials Prior To The Policy Period

Loss caused by any "employee" or "ERISA plan official" if the "employee" or "ERISA plan official" had also committed "theft" or any other fraudulent or dishonest act prior to the effective date of this insurance and you or a "designated person", not in collusion with the "employee" or "ERISA plan official", learned of such "theft" or fraudulent or dishonest act prior to the Policy Period shown in the Declarations.

d. Confidential Or Personal Information

(1) The disclosure of your or another person's or entity's confidential or personal information; or

(2) The use of another person's or entity's confidential or personal information, except that this Paragraph **(2)** does not apply to loss otherwise covered under this insurance that results directly from the use of your or an "employee benefit plan" participant's confidential or personal information.

For the purposes of this exclusion, confidential or personal information includes, but is not limited to, patents, trade secrets, processing methods, "client", customer or "vendor" information, financial information, payment card information, health information, retirement or health savings account information or any other type of nonpublic information.

e. Data Security Breach

Fees, costs, fines, penalties and other expenses incurred by you, which are related to the access to or disclosure of another person's or entity's confidential or personal information including, but not limited to, patents, trade secrets, processing methods, "client", customer or "vendor" information, financial information, payment card information, health information, retirement or health savings account information or any other type of nonpublic information.

f. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

g. Indirect Loss

Loss that is an indirect result of an "occurrence" covered by this insurance including, but not limited to, loss resulting from:

(1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property";

(2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance; or

(3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

h. Kidnap, Ransom, Extortion And Other Unlawful Demands

(1) Loss resulting from the surrender of ransom in response to an unlawful demand including, but not limited to, an unlawful demand arising out of:

(a) An actual or alleged kidnap or threat to do bodily harm to any person, other than "robbery" covered under this insurance;

(b) A threat to do damage to any property or to contaminate, pollute or render substandard your products or goods;

(c) A threat to introduce a denial of service attack into any "computer system";

(d) A threat to introduce a virus or other malicious instruction into any "computer system", which would encrypt, damage, destroy or corrupt "electronic data" or "computer programs" stored within the "computer system"; or

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(e) A threat to access, download, disseminate, divulge or utilize:

(i) Your information or the information of any other natural person or entity; or

(ii) Weaknesses in the source code within any "computer system";

except when covered under Insuring Agreement **A.1.a.** or **A.1.b.**

(2) Loss resulting from payment of any kind in response to a denial of service attack, ransomware, virus or other malicious instruction introduced into any "computer system" that denies or restricts access, encrypts, downloads or otherwise damages, destroys or corrupts any "computer system", "electronic data" or "computer program", except when covered under Insuring Agreement **A.1.a.** or **A.1.b.**

(3) Fees, costs and expenses incurred by you arising out of any act or event in Paragraph **(1)** or **(2)** above.

i. Legal Fees, Costs And Expenses

Fees, costs and expenses incurred by you, which are related to any legal action, except when covered under Insuring Agreement **A.2.**

j. Nuclear, Biological Or Chemical Hazard

Loss or damage resulting from the dispersal or application of pathogenic or poisonous biological or chemical materials, nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident, however caused.

k. Pollution

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of 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.

l. Virtual Currency

Loss involving virtual currency of any kind, by whatever name known, whether actual or fictitious including, but not limited to, digital currency, cryptocurrency or any other type of electronic currency.

m. War And Military Action

Loss or damage resulting from:

(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.

2. Additional Exclusions Applicable To Specific Insuring Agreements

a. Insuring Agreement **A.1.a.** does not cover:

(1) ERISA Employee Benefit Plans

Loss of property belonging to any "ERISA employee benefit plan".

(2) Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(a) An inventory computation; or

(b) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

(3) Trading

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

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(4) Warehouse Receipts

Loss resulting from the fraudulent or dishonest signing, issuing, cancelling or failing to cancel a warehouse receipt or any papers connected with it.

b. Insuring Agreement **A.1.b.** does not cover:

Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(1) An inventory computation; or

(2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

c. Insuring Agreement **A.1.c.** does not cover:

(1) Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(a) An inventory computation; or

(b) A profit and loss computation.

However, where your "client" establishes wholly apart from such computations that it has sustained a loss resulting from "theft" caused by an identified "employee", then you may offer your "client's" inventory records and actual physical count of inventory in support of the amount of loss claimed.

(2) Trading

Loss resulting from trading, whether in your "client's" name or in a genuine or fictitious account.

(3) Warehouse Receipts

Loss resulting from the fraudulent or dishonest signing, issuing, cancelling or failing to cancel a warehouse receipt or any papers connected with it.

d. Insuring Agreement **A.2.b.** does not cover:

Non-compliance With Payment Card Issuer's Requirements

Loss arising from any credit, debit or charge card if you have not complied fully with the provisions, conditions or other terms under which the card was issued.

e. Insuring Agreements **A.3., A.4.** and **A.5.** do not cover:

(1) Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

(2) Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

(3) Fire

Loss or damage resulting from fire, however caused, except:

(a) Loss of or damage to "money" and "securities"; and

(b) Loss from damage to a safe or vault.

(4) Money Operated Devices

Loss of property contained in any money operated device, unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(5) Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semitrailers or equipment and accessories attached to them.

(6) Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property", by vandalism or malicious mischief.

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(7) Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from your, or anyone else acting on your express or implied authority, being induced by any fraudulent or dishonest act to voluntarily part with title to or possession of any property.

f. Insuring Agreement **A.6.** does not cover:

(1) Authorized Access

Loss resulting from a fraudulent:

(a) Entry of "electronic data" or "computer program" into; or

(b) Change of "electronic data" or "computer program" within;

any "computer system" by an "employee" or other person or entity with authorized access to that "computer system".

(2) Credit Card Transactions

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification or other cards, or the information contained on such cards.

(3) Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

(4) Fraudulent Instructions

Loss resulting from an "employee" or other person or entity acting upon any kind of instruction to:

(a) Transfer, pay or deliver "money", "securities" or "other property"; or

(b) Debit or delete your account;

which instruction proves to be fraudulent, except for a "financial institution" acting upon an instruction to debit your "transfer account" when covered under Insuring Agreement **A.6.b.**

(5) Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(a) An inventory computation; or

(b) A profit and loss computation.

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E. Conditions

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

1. Conditions Applicable To All Insuring Agreements

a. Additional Premises Or Employees

If, while this insurance is in force, you establish any additional "premises" or hire additional "employees", other than through:

(1) Consolidation or merger with; or

(2) Purchase or acquisition of assets or liabilities of;

another entity, such "premises" and "employees" will automatically be covered under this insurance.

Notice to us of an increase in the number of "premises" or "employees" is not required and no additional premium will be charged for the remainder of the Policy Period shown in the Declarations.

b. Cancellation Or Termination

The following applies in addition to the Cancellation provision in the Common Policy Conditions:

(1) Coverage Termination

(a) This insurance terminates in its entirety immediately upon:

(i) The effective date of a "change of control" of the first Named Insured; or

(ii) The voluntary dissolution or liquidation of the first Named Insured.

(b) This insurance terminates as to any Insured, other than the first Named Insured, immediately upon:

(i) The effective date of a "change of control" of that Insured; or

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(ii) The voluntary dissolution or liquidation of that Insured.

If this insurance terminates for any reason specified in Paragraph **(a)** or **(b)** above, we will send the first Named Insured any premium refund due. The refund will be pro rata.

(2) Individual Insured Or Coverage Cancellation

We, or the first Named Insured shown in the Declarations, may cancel this insurance as to any Insured, or on any Insuring Agreement or coverage in accordance with the provisions of the Cancellation Common Policy Condition.

(3) Termination Of Coverage As To Any Employee Or ERISA Plan Official

This insurance terminates as to any "employee" or "ERISA plan official":

(a) As soon as:

(i) A "designated person"; or

(ii) An "employee" in your Human Resources Department or its equivalent;

not in collusion with the "employee" or "ERISA plan official", learns of "theft" or any other fraudulent or dishonest act committed by the "employee" or "ERISA plan official", whether before or after becoming employed by you; or

(b) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Concealment, Misrepresentation Or Fraud

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

(1) This insurance;

(2) The property covered under this insurance;

(3) Your interest in the property covered under this insurance; or

(4) A claim under this insurance.

d. Consolidation - Merger - Acquisition

(1) Except as provided in Paragraph **(2)** below, if you consolidate or merge with another entity where you are the surviving entity, or you purchase or acquire the assets or liabilities of another entity:

(a) You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this insurance to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but

(b) For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this insurance will apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to loss involving such consolidation, merger or purchase or acquisition of assets or liabilities must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

Any "employee benefit plan" acquired in such consolidation, merger or purchase or acquisition will automatically be included as an Insured under this insurance.

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(2) For "subsidiaries" you acquire in which you own greater than 50% of the voting stock or voting rights, the coverage provided by this insurance will automatically apply to loss sustained by such acquired "subsidiary" resulting directly from an "occurrence" taking place at any time which is "discovered" by a "designated person" during the Policy Period shown in the Declarations, except as provided in the Loss Sustained During Prior Insurance Conditions **E.1.l.** and **E.1.m.,** or during the period of time provided in the Extended Period To Discover Loss Condition **E.1.h.,** provided that:

(a) The assets of the acquired "subsidiary" do not exceed the Percentage Of Total Assets Applicable To Subsidiary Acquisitions shown in the Declarations, which is based on your total assets as reflected in your most recent fiscal year-end consolidated financial statements immediately preceding the effective date of this insurance; and

(b) The acquired "subsidiary" has not had any paid or reported claims of the type covered under this insurance for the three-year period prior to the date of such acquisition.

You are not required to provide notice of the acquisition to us and you are not required to pay any additional premium for the remainder of the Policy Period shown in the Declarations.

Any "employee benefit plan" of an acquired "subsidiary" will automatically be included as an Insured under this insurance.

e. Cooperation

You must cooperate with us in all matters pertaining to this insurance as stated in its terms and conditions.

f. Duties In The Event Of Loss

Upon "discovery" of loss or a situation that may result in loss of or damage to "money", "securities" or "other property":

(1) Except as provided in Paragraph **(2)** below, you must:

(a) Notify us as soon as possible;

(b) Give us a detailed, sworn proof of loss within 120 days;

(c) Cooperate with us in the investigation and settlement of any claim;

(d) Produce for our examination all pertinent records;

(e) Submit to examination under oath at our request and give us a signed statement of your answers; and

(f) Secure all of your rights of recovery against any person or entity responsible for the loss and do nothing to impair those rights.

(2) If a Deductible Amount applies to the loss and a percentage is shown in the Declarations as the Percentage Of Deductible Amount Over Which Losses Must Be Reported, you do not have to notify us if the amount of loss at the time of "discovery" does not exceed such percentage of the applicable Deductible Amount.

However, if you later learn that the amount of such loss exceeds, or may reasonably be expected to exceed, the percentage of the applicable Deductible Amount, then you must:

(a) Notify us no later than 15 days from the earliest of:

(i) The date you learned that such loss exceeded the percentage of the applicable Deductible Amount;

(ii) The effective date of termination or cancellation of this insurance; or

(iii) The termination of the period of time provided in the Extended Period To Discover Loss Condition **E.1.h.(1);**

(b) Give us a detailed, sworn proof of loss within 120 days from the date you gave us notice; and

(c) Comply with the requirements set forth in Paragraphs **(1)(c)** through **(1)(f)** above.

(3) If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.a., A.1.b., A.1.c.** or **A.2.**) involves a violation of law, you must notify the local law enforcement authorities.

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g. Employee Benefit Plans

Any payment we make for loss sustained by any "employee benefit plan" will be made to the plan sustaining the loss and will fully release us on account of such loss.

h. Extended Period To Discover Loss

We will pay for loss that you sustain prior to the effective date of cancellation or termination of this insurance in its entirety, as to any Insured or on any Insuring Agreement or coverage, which is "discovered" by a "designated person":

(1) Except as provided in Paragraph **(2)** below, no later than one year from the date of that cancellation or termination. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you or that Insured, whether from us or another insurer, which replaces in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

(2) No later than one year from the date of that cancellation or termination with regard to any "ERISA employee benefit plan". However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you or that "ERISA employee benefit plan", whether from us or another insurer, that provides, at a minimum, the same coverage afforded by Insuring Agreement **A.1.b.** in an amount that is no less than the minimum amount of coverage required under ERISA and which also provides that such coverage applies to loss sustained prior to its effective date.

i. Joint Insured

(1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance.

(2) If a "designated person" of any Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.

(3) An "employee" of any Insured is considered to be an "employee" of every Insured.

(4) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.

(5) Payment by us to the first Named Insured for loss sustained by any Insured, or payment by us to any "employee benefit plan" for loss sustained by that plan, will fully release us on account of such loss.

j. Legal Action Against Us

You may not bring any legal action against us involving loss:

(1) Unless you have complied with all the terms of this insurance;

(2) Until 90 days after you have filed proof of loss with us; and

(3) Unless brought within two years from the date the loss was "discovered".

If any limitation in this condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

k. Liberalization

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this insurance.

l. Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate

(1) Loss Sustained Partly During This Insurance And Partly During Prior Insurance

If loss is "discovered" by a "designated person" during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place:

(a) Partly during the Policy Period shown in the Declarations; and

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(b) Partly during the policy period(s) of any prior cancelled or terminated insurance that we or any affiliate issued to you or any predecessor in interest;

and this insurance became effective at the time of cancellation or termination of the prior insurance, we will first settle the amount of loss that you sustained during this Policy Period. We will then settle the remaining amount of loss that you sustained during the policy period(s) of the prior insurance.

(2) Loss Sustained Entirely During Prior Insurance

If loss is "discovered" by a "designated person" during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place entirely during the policy period(s) of any prior cancelled or terminated insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided that:

(a) This insurance became effective at the time of cancellation or termination of the prior insurance; and

(b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the policy period(s) of any other prior insurance.

(3) In settling loss under Paragraphs **(1)** and **(2)** above:

(a) The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.

(b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this insurance. If no loss was sustained under this insurance, we will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other deductible amount that may have been applicable to the loss.

(4) The following examples demonstrate how we will settle losses subject to this condition:

Example Number 1

The Insured sustained a covered loss of $10,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B.**

Policy A

The current policy. Written at a Limit of Insurance of $50,000 and a Deductible Amount of $5,000.

Policy B

Issued prior to Policy **A.** Written at a Limit of Insurance of $50,000 and a Deductible Amount of $5,000.

Settlement Of Loss

The amount of loss sustained under Policy **A** is $2,500 and under Policy **B,** $7,500.

The highest single Limit of Insurance applicable to this entire loss is $50,000 written under Policy **A.** The Policy **A** Deductible Amount of $5,000 applies. The loss is settled as follows:

(a) The amount of loss sustained under Policy **A** ($2,500) is settled first. The amount we will pay is nil ($0.00) because the amount of loss is less than the Deductible Amount (i.e., $2,500 loss - $5,000 deductible = $0.00).

(b) The remaining amount of loss sustained under Policy **B** ($7,500) is settled next. The amount recoverable is $5,000 after the remaining Deductible Amount from Policy **A** of $2,500 is applied to the loss (i.e., $7,500 loss - $2,500 deductible = $5,000).

The most we will pay for this loss is $5,000.

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Example Number 2

The Insured sustained a covered loss of $250,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B.**

Policy A

The current policy. Written at a Limit of Insurance of $125,000 and a Deductible Amount of $10,000.

Policy B

Issued prior to Policy **A.** Written at a Limit of Insurance of $150,000 and a Deductible Amount of $25,000.

Settlement Of Loss

The amount of loss sustained under Policy **A** is $175,000 and under Policy **B,** $75,000.

The highest single Limit of Insurance applicable to this entire loss is $150,000 written under Policy **B.** The Policy **A** Deductible Amount of $10,000 applies. The loss is settled as follows:

(a) The amount of loss sustained under Policy **A** ($175,000) is settled first. The amount we will pay is the Policy **A** limit of $125,000 because $175,000 loss - $10,000 deductible = $165,000, which is greater than the $125,000 policy limit.

(b) The remaining amount of loss sustained under Policy **B** ($75,000) is settled next. The amount we will pay is $25,000 (i.e., $150,000 Policy **B** limit - $125,000 paid under Policy **A** = $25,000).

The most we will pay for this loss is $150,000.

Example Number 3

The Insured sustained a covered loss of $2,000,000 resulting directly from an "occurrence" taking place during the terms of Policies **A, B, C** and **D.**

Policy A

The current policy. Written at a Limit of Insurance of $1,000,000 and a Deductible Amount of $100,000.

Policy B

Issued prior to Policy **A.** Written at a Limit of Insurance of $750,000 and a Deductible Amount of $75,000.

Policy C

Issued prior to Policy **B.** Written at a Limit of Insurance of $500,000 and a Deductible Amount of $50,000.

Policy D

Issued prior to Policy **C.** Written at a Limit of Insurance of $500,000 and a Deductible Amount of $50,000.

Settlement Of Loss

The amount of loss sustained under Policy **A** is $350,000; under Policy **B,** $250,000; under Policy **C,** $600,000; and under Policy **D,** $800,000.

The highest single Limit of Insurance applicable to this entire loss is $1,000,000 written under Policy **A.** The Policy **A** Deductible Amount of $100,000 applies. The loss is settled as follows:

(a) The amount of loss sustained under Policy **A** ($350,000) is settled first. The amount we will pay is $250,000 (i.e., $350,000 loss - $100,000 deductible = $250,000).

(b) The amount of loss sustained under Policy **B** ($250,000) is settled next. The amount we will pay is $250,000 (no deductible is applied).

(c) The amount of loss sustained under Policy **C** ($600,000) is settled next. The amount we will pay is $500,000, the policy limit (no deductible is applied).

(d) We will not make any further payment under Policy **D,** as the maximum amount payable under the highest single Limit of Insurance applying to the loss of $1,000,000 under Policy **A** has been satisfied.

The most we will pay for this loss is $1,000,000.

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m. Loss Sustained During Prior Insurance Not Issued By Us Or Any Affiliate

(1) If loss is "discovered" by a "designated person" during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place during the policy period of any prior cancelled or terminated insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this insurance, provided that:

(a) This insurance became effective at the time of cancellation or termination of the prior insurance; and

(b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

(2) In settling loss subject to this condition:

(a) The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled or terminated insurance.

(b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the prior cancelled or terminated insurance.

(3) The insurance provided under this condition is subject to the following:

(a) If loss covered under this condition is also partially covered under the Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate Condition **E.1.l.,** the amount recoverable under this condition is part of, not in addition to, the amount recoverable under Condition **E.1.l.**

(b) For loss covered under this condition that is not subject to Paragraph **(a)** above, the amount recoverable under this condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:

(i) This insurance as of its effective date; or

(ii) The prior cancelled or terminated insurance had it remained in effect.

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n. Other Insurance

If other valid and collectible insurance is available to you for loss covered under this insurance, our obligations are limited as follows:

(1) Primary Insurance

When this insurance is written as primary insurance and:

(a) You have other insurance subject to the same terms and conditions as this insurance, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit Of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.

(b) You have other insurance covering the same loss other than that described in Paragraph **(a)** above, we will only pay for the amount of loss that exceeds:

(i) The limit of insurance and deductible amount of that other insurance, whether you can collect on it or not; or

(ii) The Deductible Amount shown in the Declarations;

whichever is greater. Our payment for loss is subject to the terms and conditions of this insurance.

(2) Excess Insurance

(a) When this insurance is written excess over other insurance, we will only pay for the amount of loss that exceeds the limit of insurance and deductible amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this insurance.

(b) However, if loss covered under this insurance is subject to a deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any deductible amount applicable to that other insurance.

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o. Ownership Of Property; Interests Covered

The property covered under this insurance is limited to property:

(1) That you own or lease;

(2) That is held by you in any capacity; or

(3) For which you are legally liable, provided that you were liable for the property prior to the time the loss was sustained.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or entity. Any claim for loss that is covered under this insurance must be presented by you.

p. Records

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

q. Recoveries

(1) Any recoveries, whether effected before or after any payment under this insurance, whether made by us or by you, will be applied net of the expense of such recovery:

(a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;

(b) Second, to us in satisfaction of amounts paid in settlement of your claim;

(c) Third, to you in satisfaction of any Deductible Amount; and

(d) Fourth, to you in satisfaction of any loss not covered under this insurance.

(2) Recoveries do not include any recovery:

(a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or

(b) Of original "securities" after duplicates of them have been issued.

r. Territory

This insurance covers loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world.

s. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or entity for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

t. Valuation - Settlement

The value of any loss for purposes of coverage under this insurance will be determined as follows:

(1) Money

Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:

(a) At face value in the "money" issued by that country; or

(b) In the United States of America dollar equivalent, determined by the rate of exchange published in The Wall Street Journal on the day the loss was "discovered".

(2) Securities

Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) Market value of the "securities" at the close of business on the day the loss was "discovered"; or

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(ii) Limit of Insurance applicable to the "securities".

(3) Property Other Than Money And Securities

(a) Loss of or damage to property other than "money" and "securities" for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

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

(ii) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or

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

(b) We will not pay on a replacement cost basis for any loss or damage to property covered under Paragraph **(a)** above:

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

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

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(c) We will, at your option, pay for loss or damage to such property:

(i) In the "money" of the country in which the loss or damage was sustained; or

(ii) In the United States of America dollar equivalent of the "money" of the country in which the loss or damage was sustained, determined by the rate of exchange published in The Wall Street Journal on the day the loss was "discovered".

(d) Any property that we pay for or replace becomes our property.

2. Additional Conditions Applicable To Specific Insuring Agreements

a. Under Insuring Agreement A.1.b.

(1) Limit Of Insurance

You are responsible for selecting a Limit of Insurance for "ERISA employee benefit plans" covered under Insuring Agreement **A.1.b.** that is equal to, or greater than, the minimum amounts of coverage required under ERISA as set forth in Paragraphs **(a)** and **(b)** below.

(a) For "ERISA employee benefit plans" holding no employer securities:

(i) 10% of the amount of funds handled as of the effective date of this insurance; or

(ii) $500,000;

whichever is less, but in no event less than $1,000.

(b) For "ERISA employee benefit plans" holding employer securities:

(i) 10% of the amount of funds handled as of the effective date of this insurance; or

(ii) $1,000,000;

whichever is less, but in no event less than $1,000.

If two or more "ERISA employee benefit plans" are covered under Insuring Agreement **A.1.b.,** the Limit of Insurance must be written in an amount sufficient to cover each plan as if they were separately insured.

If at the time of "discovery" of loss sustained by an "ERISA employee benefit plan", the Limit of Insurance for Insuring Agreement **A.1.b.** no longer complies with the minimum amount of coverage required for such plan, we will automatically increase the Limit of Insurance for such plan so as to equal such required minimum amount of coverage. You are not required to pay any additional premium for the increase in the Limit of Insurance.

If the minimum amounts of coverage required under ERISA are amended after the effective date of this insurance, the amended minimum amounts of coverage will automatically apply to the "ERISA employee benefit plans" covered under Insuring Agreement **A.1.b.** You are not required to pay any additional premium for the remainder of the Policy Period shown in the Declarations.

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(2) Payment For Loss Sustained By Multiple Plans

Any payment we make for loss:

(a) Sustained by two or more "ERISA employee benefit plans"; or

(b) Of commingled "money", "securities" or "other property" of two or more "ERISA employee benefit plans";

will be made to each such plan sustaining loss in the proportion that the amount of coverage required under ERISA for each such plan bears to the total amount of coverage on all plans sustaining loss.

(3) Deductible Amount

Section **C.** Deductible does not apply to loss sustained by an "ERISA employee benefit plan" covered under Insuring Agreement **A.1.b.**

b. Under Insuring Agreement A.1.c.

The **Ownership Of Property; Interests Covered** Condition **E.1.o.** is replaced by the following:

Ownership Of Property; Interests Covered

The property covered under this Insuring Agreement is limited to property:

(1) That your "client" owns or leases;

(2) That your "client" holds for others in any capacity; or

(3) For which your "client" is legally liable, provided that your "client" was liable for the property prior to the time the loss was sustained.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or entity, including your "client". Any claim for loss that is covered under this Insuring Agreement must be presented by you.

c. Under Insuring Agreement A.2.

(1) Deductible Amount

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.2.**

(2) Electronic And Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

(3) Proof Of Loss

You must include with your proof of loss any instrument involved in that loss or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Condition Applicable To Insuring Agreement A.5.

Armored Motor Vehicle Companies

We will only pay for the amount of loss you cannot recover:

(1) Under your contract with the armored motor vehicle company; and

(2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

e. Under Insuring Agreement A.7.

(1) Change Of Account Requests

You must make a reasonable effort to verify, but not through email, the authenticity of any "change of account request" with:

(a) The "client" or "vendor" purporting to have issued the "change of account request"; or

(b) An "authorized person", but not the "authorized person" purporting to have issued the "change of account request";

and contemporaneously document the result of your effort before transferring any property.

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(2) Transfer Instructions

You must make a reasonable effort to verify, but not through email, the authenticity of any "transfer instruction" with:

(a) The "client" or "vendor" purporting to have issued the "transfer instruction"; or

(b) An "authorized person", but not the "authorized person" purporting to have issued the "transfer instruction";

and contemporaneously document the result of your effort before transferring any property.

F. Definitions

1. "Authorized person" means:

a. Any "employee", partner, "member", "manager", director or trustee;

b. Any "ERISA plan official"; or

c. You (but only if you are a sole proprietor);

who, with regard to Paragraphs **a., b.** and **c.** above, has the authority to:

(1) Act upon "change of account requests" or direct others to act upon such requests**;** or

(2) Issue "transfer instructions" or direct others to issue such instructions.

2. "Change of account request" means an instruction received by you, which is transmitted:

a. By email, text message, instant message, telefacsimile, telephone or other electronic means; or

b. In writing;

directing you to change a "client's" or "vendor's" bank account information or wire transfer instructions.

3. "Change of control" means:

a. The acquisition of any Insured of more than 50% of its assets by an entity other than another Insured, or the merger or consolidation of any Insured into or with an entity other than another Insured, such that the acquired Insured is not the surviving entity; or

b. The obtaining by any person, entity or affiliated group of persons or entities of the right to:

(1) Elect, appoint or designate more than 50% of the board of directors, board of trustees or functional equivalent thereof, of any Insured; or

(2) Exercise a majority control of the board of directors, board of trustees or a functional equivalent thereof, of any Insured.

4. "Client" means any natural person or entity to whom you provide goods or services in exchange for a fee or pursuant to a written agreement.

5. "Computer program" means a set of related electronic instructions, which direct the operation and function of a computer or devices connected to it, which enables the computer or devices to receive, process, store or send "electronic data".

6. "Computer system" means:

a. Any computer, including transportable or handheld devices, electronic storage devices and related peripheral components;

b. Any systems and applications software; and

c. Any related telecommunications networks, including the Internet, connected to or used in conjunction with such computer or devices:

which, with regard to Paragraphs **a., b.** and **c.** above:

(1) Collects, transmits, processes, stores or retrieves "electronic data"; and

(2) Is:

(a) Owned, leased or operated by you;

(b) Owned and operated by an "employee" who has agreed in writing to your personal device use policy; or

(c) Operated by an authorized third party while performing services for you, but only with respect to your "electronic data".

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7. "Counterfeit money" means an imitation of "money", which is intended to deceive and to be taken as genuine.

8. "Custodian" means you, or any of your partners, "members" or "employees" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.

9. "Designated person" means:

a. Any insurance risk manager;

b. Any partner, "member", "manager", director or trustee;

c. Any elected, appointed or otherwise titled officer;

d. The highest-ranking "employee" at the "premises" where such "employee" performs the majority of his or her duties; or

e. Any administrator, fiduciary, director, trustee, officer or manager of an "employee benefit plan";

of any Insured.

10. "Discovery", "discover" or "discovered" means the time when a "designated person" first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discovery", "discover" or "discovered" also means the time when a "designated person" first receives notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance.

11. "Electronic data" means information, facts, images or sounds stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) on data storage devices, including hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

12. "Employee":

a. Means:

(1) Any natural person:

(a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any other fraudulent or dishonest act committed by the "employee";

(b) Whom you compensate directly by salary, wages or commissions; and

(c) Whom you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" defined in Paragraph **(1)** above, who is on leave; or

(b) To meet seasonal or short-term workload conditions;

while that person is subject to your direction and control and performing services for you;

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm to perform duties related to the conduct of your business, but does not mean a temporary "employee" defined in Paragraph **(2)** above;

(4) Any natural person who is:

(a) An administrator, director, trustee, manager or "employee", except an administrator or manager who is an independent contractor, of a "Non-ERISA employee benefit plan"; or

(b) A director, trustee or "employee" of an Insured sponsoring a "Non-ERISA employee benefit plan", while that person is engaged in handling "money", "securities" or "other property" of the plan;

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained by you as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties;

(7) Any natural person employed by an entity merged or consolidated with you prior to the effective date of this insurance; and

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(8) Any natural person who is your "manager", director or trustee while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors, board of trustees or functional equivalent thereof, to perform specific, as distinguished from general, directorial acts on your behalf.

b. Does not mean:

Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **a.** above.

13. "Employee benefit plan" means any "ERISA employee benefit plan" or "Non-ERISA employee benefit plan":

a. Shown in the Declarations as the first Named Insured; or

b. Included as an Insured and is sponsored:

(1) Solely by another Insured; or

(2) Jointly by another Insured and an employee organization, including a labor organization, solely for the benefit of that Insured's "employees".

14. "ERISA employee benefit plan" means any welfare or pension benefit plan that is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

15. "ERISA plan official":

a. Means any natural person who is:

(1) An administrator, fiduciary, director, trustee, manager or "employee" of an "ERISA employee benefit plan"; or

(2) A director, trustee or "employee" of an Insured sponsoring an "ERISA employee benefit plan", while that person is engaged in handling "money", "securities" or "other property" of such plan.

b. Does not mean:

Any agent, broker, financial institution, registered representative, investment advisor, independent contractor or representative of the same general character.

16. "Financial institution" means:

a. With regard to Insuring Agreement **A.3.:**

(1) A bank, savings bank, savings and loan association, trust company, credit union or similar depository institution; or

(2) An insurance company.

b. With regard to Insuring Agreement **A.6.:**

(1) A bank, savings bank, savings and loan association, trust company, credit union or similar depository institution;

(2) An insurance company; or

(3) A stock brokerage firm or investment company.

c. For Insuring Agreements other than Insuring Agreements **A.3.** and **A.6.,** any financial institution.

17. "Financial institution premises" means the interior of that portion of any building occupied by a "financial institution" listed in Paragraph **16.a.**

18. "Forgery" means the signing of the name of another person or entity with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

19. "Fraud or dishonesty" means larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion, willful misapplication or other fraudulent or dishonest act, including any act or arrangement prohibited by title 18, section 1954 of the U.S. Code.

20. "Manager" means a natural person serving in a directorial capacity for a limited liability company.

21. "Member" means an owner of a limited liability company represented by its membership interest who, if a natural person, may also serve as a "manager".

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22. "Messenger" means you, or your relative, or any of your partners, "members" or "employees" while having care and custody of property outside the "premises".

23. "Money" means:

a. Currency, coins and bank notes in current use and having a face value;

b. Traveler's checks and money orders held for sale to the public; and

c. In addition, includes:

(1) Under Insuring Agreements **A.1.a., A.1.b., A.1.c.** and **A.2.,** deposits in your account at any "financial institution"; and

(2) Under Insuring Agreement **A.6.,** deposits in your account at any "financial institution" listed in Paragraph **F.16.b.**

24. "Non-ERISA employee benefit plan" means any welfare or pension benefit plan other than an "ERISA employee benefit plan".

25. "Occurrence" means:

a. Under Insuring Agreements **A.1.a.** and **A.1.c.:**

(1) An individual act;

(2) The combined total of all separate acts, whether or not related; or

(3) A series of acts, whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under the Loss Sustained During Prior Insurance Conditions **E.1.l.** and **E.1.m.**

b. Under Insuring Agreement **A.1.b.:**

(1) An individual act;

(2) The combined total of all separate acts, whether or not related; or

(3) A series of acts, whether or not related;

committed by an "ERISA plan official" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under the Loss Sustained During Prior Insurance Conditions **E.1.l.** and **E.1.m.**

c. Under Insuring Agreement **A.2.:**

(1) An individual act;

(2) The combined total of all separate acts, whether or not related; or

(3) A series of acts, whether or not related;

committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, except as provided under the Loss Sustained During Prior Insurance Conditions **E.1.l.** and **E.1.m.**

d. Under all other Insuring Agreements:

(1) An individual act or event;

(2) The combined total of all separate acts or events, whether or not related; or

(3) A series of acts or events, whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under the Loss Sustained During Prior Insurance Conditions **E.1.l.** and **E.1.m.**

26. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include "computer programs", "electronic data" or any property specifically excluded under this insurance.

27. "Premises" means the interior of that portion of any building you occupy in conducting your business.

28. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:

a. Caused or threatened to cause that person bodily harm; or

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b. Committed an obviously unlawful act witnessed by that person.

29. "Safe burglary" means the unlawful taking of:

a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or

b. A safe or vault from inside the "premises".

30. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

31. "Subsidiary":

a. Means any entity covered under this insurance:

(1) In which on or before the effective date of this insurance you own, directly or indirectly, greater than 50% of the outstanding securities or voting rights representing the present right to elect, appoint, or exercise a majority control over such entity's board of directors, board of trustees or functional equivalent thereof; or

(2) That you form or acquire during the Policy Period shown in the Declarations in which you own, directly or indirectly, greater than 50% of the outstanding securities or voting rights representing the present right to elect, appoint or exercise a majority control over such entity's board of directors, board of trustees or functional equivalent thereof, subject to Paragraph **E.1.d.(2)** of the Consolidation - Merger - Acquisition Condition.

b. Does not mean:

Any joint venture or partnership in which you have an ownership interest, unless the joint venture or partnership is added as an Insured by endorsement.

32. "Theft" means:

a. The unlawful taking of property to the deprivation of the Insured; or

b. Solely with regard to Insuring Agreement **A.1.c.,** the unlawful taking of property to the deprivation of a "client".

33. "Transfer account" means an account maintained by you at a "financial institution" from which you can initiate the transfer, payment or delivery of "money" or "securities".

34. "Transfer instruction" means:

a. With regard to Insuring Agreement **A.6.b.,** an instruction received by a "financial institution", which is transmitted:

(1) By email, text message, instant message, telefacsimile, telephone or other electronic means; or

(2) In writing, other than an instrument covered under Insuring Agreement **A.2.;**

directing the "financial institution" to transfer, pay or deliver "money" or "securities" from your "transfer account" to a person, entity or account beyond your control.

b. With regard to Insuring Agreement **A.7.,** an instruction received by you, which is transmitted:

(1) By email, text message, instant message, telefacsimile, telephone or other electronic means; or

(2) In writing;

directing you to transfer, pay or deliver "money" or "securities" to a person, entity or account beyond your control.

35. "Vendor" means a natural person or entity that provides or has provided goods or services to you pursuant to a written agreement but does not include any financial institution or armored motor vehicle company.

36. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

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CRIME AND FIDELITY BUSINESSOWNERS PREMIER ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM

If we or any of our affiliates issue other insurance to you and more than one limit of insurance applies to loss or damage sustained by you, the following limitations will apply:

1. Your recovery under all such insurance will not exceed the actual amount of loss or damage sustained; and
2. The insurance provided by this endorsement applies in excess of and, except as to premium, limits and notice, follows the terms, conditions, limitations and exclusions of other applicable insurance issued to you by us or any of our affiliates.

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

The Commercial Crime Coverage Form made a part of this policy is amended as follows:

A. Coverage is provided only for the following Insuring Agreements:

1. Employee Theft with a limit of $25,000 or the limit shown in the Declarations.
2. ERISA Plan Official Dishonesty with a limit of $25,000 or the limit shown in the Declarations.
3. Forgery Of Negotiable Instruments with a limit of $25,000 or the limit shown in the Declarations.
4. Inside The Premises - Theft of Money and Securities with a limit of $15,000 or the limit shown in the Declarations.
5. Outside The Premises with a limit of $10,000 or the limit shown in the Declarations.
6. Computer And Funds Transfer Fraud with a limit of $10,000 or the limit shown in the Declarations.
7. Money Orders And Counterfeit Money with a limit of $10,000 or the limit shown in the Declarations.

B. The following Insuring Agreement is added:

1. **Unauthorized Business Card Use**
   - **a.** We will pay for loss and related actually incurred costs resulting from the theft or unauthorized use of your business credit, debit or charge cards issued in your business name and authorized for use solely for business purposes.
   - **b.** We will not pay for the theft or unauthorized use by employees of business credit, debit or charge cards or when such cards have been entrusted to a person other than the person whose name is on the card.
   - **c.** The most we will pay for this Commercial Crime Insuring Agreement is $10,000.
   - **d.** If any loss covered under this Insuring Agreement is also covered under one or more Commercial Crime Insuring Agreements, we will not pay more than the largest coverage limit available.
   - **e.** All the crime coverage terms, conditions, exclusions and definitions that apply to Forgery Or Alterations apply to this Insuring Agreement.

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AMEND DEFINITION OF EMPLOYEE BENEFIT PLAN

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY

A. The definitions for the words “you” and “your” are deleted and replaced by the following.

1. The words “you” and “your” refer to:

a. The first Named Insured shown in the Declarations;

b. Any entity that is an “employee benefit plan” or “subsidiary”, as defined; or

c. Any other entity that is named as an Insured in the Declarations or included as an Insured by endorsement.

The first Named Insured in Paragraph **a.** above will act for itself and for every other Insured for all purposes of this insurance.

B. Under Section **F.** Definitions, **13.** “employee benefit plan” is deleted and replaced by the following:

13. “Employee benefit plan” means any “ERISA employee benefit plan” or “Non-ERISA employee benefit plan” which is solely sponsored by:

a. The first Named Insured shown in the Declarations;

b. Any “subsidiary”; or

c. Any other entity named as an Insured in the Declarations or included as an Insured by endorsement to this policy.

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Previous Policy Number	Policy Number
S 2325730	S 2325730

BUSINESSOWNERS COVERAGE DECLARATIONS

Policy Effective Date: June 7, 2025	**Coverage Effective Date:** JUNE 7, 2025

Named Insured is: LTD LIABILITY

Business of Named Insured: LESSORS RISK

DESCRIPTION OF PREMISES

Prem. No.	Bldg. No.	Location	Occupancy

Refer to "Schedule of Locations"

In return for payment of the premium and subject to all the terms of this policy, we agree with you to provide insurance for those coverages for which a specific limit is shown in the following coverage schedule

COVERAGE SCHEDULE

Property

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Blanket Insurance	Deductible	Valuation	Automatic Increase In Insurance
1	1	BUILDING	$1,712,181	NONE	$1,000	RC	8%

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LIABILITY AND MEDICAL PAYMENTS

Liability and Medical Expenses Limit	$1,000,000	General Aggregate Limit	$3,000,000
Medical Expenses Limit - Per Person	$10,000	Product Aggregate Limit	$3,000,000

Forms and Endorsements:	**Premium Amount**
Refer to **"Commercial Policy Forms and Endorsement Schedule"**	$3,501.00

Previous Policy Number	Policy Number
S 2325730	S 2325730

BUSINESSOWNERS MORTGAGE HOLDERS SCHEDULE

Policy Effective Date: June 7, 2025	Schedule Effective Date: JUNE 7, 2025

Prem. No.	Bldg. No.	Mortgage Holder Name and Address
001	001	STANFORD FEDERAL CREDIT UNION LOAN # 701494916 1860 EMBARCADERO ROAD PALO ALTO, CA 94303

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BP 72 32 09 18

INSURED'S COPY

LOSS PAYABLE CLAUSES

POLICY NUMBER: S 2325730 BUSINESSOWNERS
BP 12 03 01 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Prem. No.	Bldg. No.	Description Of Property	Loss Payee Name and Address	Applicable Clause (Indicate Paragraph A, B, C or D):
1	1	OFFICE LRO	STANFORD FEDERAL CREDIT UNION 1860 EMBARCADERO ROAD PALO ALTO, CA 94303	A

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

Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Property Loss Condition in **SECTION I — PROPERTY,** as shown in the Declarations or in the Schedule:

A. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

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

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B. Lender's Loss Payable Clause

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

a. Warehouse receipts;

b. A contract for deed;

c. Bills of lading;

d. Financing statements; or

e. Mortgages, deeds of trust, or security agreements.

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

a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.

b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure for similar action on the Covered Property.

c. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the Loss Payee will still have the right to receive loss payment if the Loss Payee:

(1) Pays any premium due under this policy at 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 Loss Payee.

All of the terms of **SECTION I — PROPERTY** will then apply directly to the Loss Payee.

d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

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

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

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

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

a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

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

4. If we do not renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

C. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.

2. For Covered Property in which both you and the Loss Payee have an insurable interest, we will:

a. Adjust losses with you; and

b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

3. The following is added to Paragraph **H. Other Insurance** in **SECTION III — COMMON POLICY CONDITIONS:**

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

D. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.

2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.

3. We will adjust losses to tenant's improvements and betterments with you, unless the lease provides otherwise.

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DESIGNATED LOCATION(S)
GENERAL AGGREGATE LIMIT

POLICY NUMBER: S 2325730

BUSINESSOWNERS
BP 14 17 01 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Designated Location(s):
EACH LOCATION OWNED BY OR RENTED TO YOU

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

SECTION II — LIABILITY is amended as follows:

A. For all sums which the insured becomes legally obligated to pay as damages for "bodily injury" or "property damage" caused by "occurrences" covered under Paragraph **A.1. Business Liability,** and for all medical expenses caused by accidents covered under Paragraph **A.2. Medical Expenses,** which can be attributed only to ongoing operations at a single designated "location" shown in the Schedule above:

1. A separate Designated Location General Aggregate Limit applies to each designated "location", and that limit is equal to the amount of the Other Than Products/Completed Operations Aggregate Limit shown in the Declarations.

2. The Designated Location General Aggregate Limit is the most we will pay for the sum of all damages under Paragraph **A.1. Business Liability,** except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Paragraph **A.2. Medical Expenses,** regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

3. Any payments made under Paragraph **A.1. Business Liability** for damages or under Paragraph **A.2. Medical Expenses** for medical expenses shall reduce the Designated Location General Aggregate Limit for that designated "location". Such payments shall not reduce the Other Than Products/Completed Operations Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Location General Aggregate Limit for any other designated "location" shown in the Schedule above.

4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expenses continue to apply. However, instead of being subject to the Other Than Products/Completed Operations Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Location General Aggregate Limit.

B. For all sums under Paragraph **A.1. Business Liability** which the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" caused by "occurrences" and medical expenses caused by accidents under Paragraph **A.2. Medical Expenses,** which cannot be attributed only to operations at a single designated "location" shown in the Schedule above:

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1. Any payments made under Paragraph **A.1. Business Liability** for damages or under Paragraph **A.2. Medical Expenses** for medical expenses shall reduce the amount available under the Other Than Products/Completed Operations Aggregate Limit or the Products/Completed Operations Aggregate Limit, whichever is applicable; and

2. Such payments shall not reduce any Designated Location General Aggregate Limit.

C. When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products/Completed Operations Aggregate Limit, and not reduce the Other Than Products/Completed Operations Aggregate Limit nor the Designated Location General Aggregate Limit.

D. For the purposes of this endorsement, the **Liability And Medical Expenses Definitions** section is amended by the addition of the following definition:

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

E. The provisions of Paragraph **D. Liability And Medical Expenses Limits Of Insurance,** not otherwise modified by this endorsement, shall continue to apply as stipulated.

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EQUIPMENT BREAKDOWN DEDUCTIBLE ENDORSEMENT

POLICY NUMBER: S 2325730

BUSINESSOWNERS
BP 80 13 03 25

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

EQUIPMENT BREAKDOWN COVERAGE (Including Electronic Circuitry Impairment)

The following is added to **EQUIPMENT BREAKDOWN COVERAGE**:

SCHEDULE

The Deductibles applicable to any one “accident” or “electronic circuitry impairment” are shown below:

Prem. No.	**Bldg. No.**	**Deductible(s)**

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Unless otherwise shown in the Schedule above, the deductible(s) will be:
COMBINED COVG FOLLOWS PROPERTY DEDUCTIBLE

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INSURED'S COPY

Previous Policy Number	Policy Number
S 2325730	S 2325730

Businessowners Schedule
Premier Coverage Option

Unless specifically increased in the Optional Increased Limits Schedule, the limits set forth below are the limits that apply to the coverages included in the Premier Coverage Option.

COVERAGE	LIMIT
PROPERTY	
Additional Costs	$25,000
Appurtenant Structures	$75,000
Arson, Theft and Vandalism Rewards (not applicable in NY)	$15,000
Back-Up Of Sewers And Drains	$50,000
Blanket Additional Coverage (BAC):	$150,000
Accounts Receivable ($25,000 Off Premises sub-limit)	Included in BAC Limit
Electronic Information Systems (Computer Equipment and Electronic Data)	Included in BAC Limit
Spoilage	Included in BAC Limit
Valuable Papers ($25,000 Off Premises sub-limit)	Included in BAC Limit
Brands and Labels	Included in BPP Limit
Building Owner - Leasehold Interest	$50,000
Building Owner - Tenant Move Back Expenses	$50,000
Business Income/Extra Expense	
Actual Loss Sustained	12 months
Waiting Period	0 hours
Business Income/Extra Expense Additional Coverages	
Auto Physical Damage Business Income	$25,000
Civil Authority (Five mile coverage limitation from the damaged property)	30 Days
Contractual Penalties	$25,000
Dependent Properties ☐ Dependent Property ☐ Secondary Dependent Property	$50,000
Extended Period of Indemnity	90 Days
Food Contamination Shutdown	
Food Contamination	$25,000
Additional Advertising Expense	$5,000
Interruption of Computer Operations	$10,000 Policy Period
Newly Acquired Premises	$500,000 / 180 Days to Report

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COVERAGE	LIMIT
Off Premises - Utility Services Time Element	$25,000
Pollutant Clean-up and Removal - Business Income	$25,000
Unnamed Premises - Business Income	$15,000
Tenant Additional Rental Expense	$25,000
Web Site	$100,000
Business Personal Property - Seasonal Increase	50%
Claim Expenses	$25,000
Commercial Tools and Small Equipment	$25,000
Consequential Loss (Pairs and Sets)	Included in BPP Limit
Credit Card Slips	$10,000
Debris Removal - Additional Limit	10% of Bldg/BPP Limit or $100,000 whichever is greater
Deferred Payments	$10,000
Expediting Expense	$10,000
Fine Arts ($5,000 any one item)	$25,000
Fire Department Service Charge	$25,000
Fire Extinguisher Systems Recharge Expense	Actual Loss Sustained
Glass Expenses	Included
Installation Property	$15,000
Lock Replacement Coverage	$10,000
Loss Payment on Merchandise Sold (Selling Price)	Included in BPP Limit
Mobile Equipment (Used to Service Premises)	$10,000
Newly Acquired or Constructed Property - Building	$1,000,000 / 180 Days to Report
Newly Acquired or Constructed Property - Business Personal Property	$500,000 / 180 Days to Report
Non-Owned Detached Trailers	$25,000
Off Premises Utility Services - Direct Damage	$25,000
Ordinance or Law Coverage	
Coverage **1** - Loss to the Undamaged Portion of the Building	Included Within Bldg Limit
Coverage **2** - Demolition Cost	10% of Bldg Limit or $100,000 whichever is greater
Coverage **3** - Increased Cost of Construction	
Coverage **4** - Tenants Improvements and Betterments	$50,000
Coverage **5** - Increased Period of Restoration	$50,000

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COVERAGE	LIMIT
Outdoor Property	$100,000
Outdoor Trees, Shrubs and Plants ($2,500 any one item)	$25,000
Personal Effects	$25,000
Personal Property At Unnamed Premises - Within The Coverage Territory	$25,000
Personal Property At Unnamed Premises - Outside The Coverage Territory	$15,000
Pollutant Clean-up and Removal	$50,000
Premises Boundary Increased Distance	1,000 Feet
Preservation of Property	60 Days
Property In Transit	$50,000
Salesperson's Samples	$25,000
Tenant Building and Business Personal Property Coverage Required By Lease	$30,000
Tenant Lease Assessment	$15,000
Tenant Leasehold Improvements	$50,000
Theft Loss to Building	Included in BPP Limit
Theft Limitations	
Furs	$10,000
Jewelry, Watches and Precious Metals	$10,000
Patterns and Dies	$10,000
Virus and Harmful Code	$25,000 Occurrence $75,000 Any One Policy Year
LIABILITY	
Damage To Premises Rented To You	$500,000
Blanket Additional Insureds As Required By Contract	Included
Broad Form Vendors	Included
Discrimination (not applicable in NY)	Included in P&AI
Incidental Malpractice	Included
Knowledge Of Occurrence, Offense, Claim Or Suit	Included
Liberalization	Included
Medical Payments For Non-For-Profit Members	Included in Med Pay Limit
Mental Anguish (not applicable in NY)	Included in the BI Definition
Newly Formed or Acquired Organizations	Included up to 180 days

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COVERAGE	LIMIT
Non-Owned Aircraft (not owned or operated by you)	Included
Non-Owned Watercraft (< 60' long, not used to carry persons or goods for charge)	Included
Not-for-profit Organization Members as Additional Insureds	Included
Primary and Non-Contributory	Included
Supplementary Payment - Bail Bonds	$3,000
Supplementary Payment - Reasonable Expenses & Loss of Earnings	$1,000 Per Day
Temporary Workers as Employees	Included
Unintentional Failure to Disclose Hazards	Included
Waiver of Subrogation	Included
CRIME	

If the Crime And Fidelity Businessowners Premier Endorsement or the Crime Businessowners Premier Endorsement is listed in the Policy Forms and Endorsement Schedule, see the Crime And Fidelity Businessowners Premier Endorsement or the Crime Businessowners Premier Endorsement for crime coverages, terms, conditions, exclusions and limits.

No crime coverage exists if the Crime And Fidelity Businessowners Premier Endorsement or the Crime Businessowners Premier Endorsement is not listed in the Policy Forms and Endorsement Schedule.

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BUSINESSOWNERS COVERAGE FORM INDEX

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

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BUSINESSOWNERS COVERAGE FORM

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

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

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

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

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SECTION I — PROPERTY

A. Coverage

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

1. Covered Property

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

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

(1) Completed additions;

(2) Fixtures, including outdoor fixtures;

(3) Permanently installed:

(a) Machinery; and

(b) Equipment;

(4) Your personal property in apartments, rooms or common areas furnished by you as landlord;

(5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

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

(6) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the buildings or structures;

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

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

(1) Property you own that is used in your business;

(2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph **E.5.d.(3)(b);**

(3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

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

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

(4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph **1.b.(2);** and

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(5) Exterior building glass, if you are a tenant and no Limit Of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

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

b. "Money" or "securities" except as provided in the:

(1) Money And Securities Optional Coverage; or

(2) Employee Dishonesty Optional Coverage;

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

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

e. Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than trees, shrubs or plants which are part of a vegetated roof), all except as provided in the:

(1) Outdoor Property Coverage Extension; or

(2) Outdoor Signs Optional Coverage;

f. Watercraft (including motors, equipment and accessories) while afloat;

g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided in this policy;

h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock";

i. "Electronic data", except as provided under Additional Coverages - Electronic Data. This Paragraph **i.** does not apply to your "stock" of prepackaged software or to "electronic data" which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system; or

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

3. Covered Causes Of Loss

Direct physical loss unless the loss is excluded or limited under Section **I** — Property.

4. Limitations

a. We will not pay for loss of or damage to:

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

(2) 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.

(3) 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. This limitation does not apply to the Optional Coverage for Money and Securities.

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

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

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

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

(6) Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:

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

(b) Changes in or extremes of temperature;

(c) Disease;

(d) Frost or hail; or

(e) Rain, snow, ice or sleet.

b. 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:

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

(2) Fragile articles such as glassware, statuary, marble, chinaware and porcelain, if broken. This restriction does not apply to:

(a) Glass that is part of the exterior or interior of a building or structure;

(b) Containers of property held for sale; or

(c) Photographic or scientific instrument lenses.

c. For loss or damage by theft, the following types of property are covered only up to the limits shown (unless a higher Limit Of Insurance is shown in the Declarations):

(1) $2,500 for furs, fur garments and garments trimmed with fur.

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

(3) $2,500 for patterns, dies, molds and forms.

5. Additional Coverages

a. Debris Removal

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

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

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

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

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

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

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

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

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

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

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

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(b) Subject to Paragraph **(3)(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is $5,000 at each location.

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

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

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

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

(5) Examples

Example 1

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

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

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

Example 2

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

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

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

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b. Preservation Of Property

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

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

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

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $2,500 for service at each premises described in the Declarations, unless a different limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

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

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

(2) Required by local ordinance.

d. Collapse

The coverage provided under this Additional Coverage - Collapse applies only to an abrupt collapse as described and limited in Paragraphs **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 policy or that contains Covered Property insured under this policy, if such collapse is caused by one or more of the following:

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

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

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

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

(i) A cause of loss listed in Paragraph **(2)(a)** or **(2)(b);**

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

(iii) Breakage of building glass;

(iv) Weight of people or personal property; or

(v) 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) Awnings;

(b) Gutters and downspouts;

(c) Yard fixtures;

(d) Outdoor swimming pools;

(e) Piers, wharves and docks;

(f) Beach or diving platforms or appurtenances;

(g) Retaining walls; and

(h) Walks, roadways and other paved surfaces;

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

(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 Paragraphs **(2)(a)** through **(2)(d)** of this Additional Coverage;

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

(c) The property which collapses is not of a kind listed in Paragraph **(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 policy.

(8) The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in Paragraphs **d.(1)** through **d.(7).**

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

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

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

(1) Results in discharge of any substance from an automatic fire protection system; or

(2) Is directly caused by freezing.

f. Business Income

(1) Business Income

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

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises mean:

(i) The portion of the building which you rent, lease or occupy;

(ii) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and

(iii) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

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

(c) Business Income means the:

(i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and

(ii) Continuing normal operating expenses incurred, including payroll.

(d) Ordinary payroll expenses:

(i) Means payroll expenses for all your employees except:

i. Officers;

ii. Executives;

iii. Department Managers;

iv. Employees under contract; and

v. Additional Exemptions shown in the Declarations as:

- Job Classifications; or
- Employees.

(ii) Include:

i. Payroll;

ii. Employee benefits, if directly related to payroll;

iii. FICA payments you pay;

iv. Union dues you pay; and

v. Workers' compensation premiums.

(2) Extended Business Income

(a) If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and

(ii) Ends on the earlier of:

i. The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or

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

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

(b) Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(3) With respect to the coverage provided in this Additional Coverage, suspension means:

(a) The partial slowdown or complete cessation of your business activities; or

(b) That a part or all of the described premises is rendered untenantable, if coverage for Business Income applies.

(4) This Additional Coverage is not subject to the Limits of Insurance of Section **I** — Property.

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g. Extra Expense

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

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises mean:

(a) The portion of the building which you rent, lease or occupy;

(b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and

(c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

(2) Extra Expense means expense incurred:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the described premises; or

(ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.

(b) To minimize the suspension of business if you cannot continue "operations".

(c) To:

(i) Repair or replace any property; or

(ii) Research, replace or restore the lost information on damaged "valuable papers and records";

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage **f.** Business Income.

(3) With respect to the coverage provided in this Additional Coverage, suspension means:

(a) The partial slowdown or complete cessation of your business activities; or

(b) That a part or all of the described premises is rendered untenantable, if coverage for Business Income applies.

(4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section **I** — Property.

h. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the 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 for each location under this Additional Coverage is $10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

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i. Civil Authority

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for necessary Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) Four consecutive weeks after the date of that action; or

(2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

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

j. Money Orders And "Counterfeit Money"

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

(1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(2) "Counterfeit money" that is acquired during the regular course of business.

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

k. Forgery Or Alteration

(1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.

(2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

(3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act and will be treated the same as the original it replaced.

(4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is $2,500, unless a higher Limit Of Insurance is shown in the Declarations.

l. Increased Cost Of Construction

(1) This Additional Coverage applies only to buildings insured on a replacement cost basis.

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

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

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

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

(b) You failed to comply with.

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

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

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

(6) The most we will pay under this Additional Coverage, for each described building insured under Section **I** — Property, is $10,000. If a damaged building(s) is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for each damaged building, is $10,000.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

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

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

(ii) Unless the 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.

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

(9) The costs addressed in the Loss Payment Property Loss Condition in Section **I** — Property do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in Paragraph **(6)** of this Additional Coverage, is not subject to such limitation.

m. Business Income From Dependent Properties

(1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property or secondary dependent property caused by or resulting from any Covered Cause of Loss.

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However, this Additional Coverage does not apply when the only loss at the premises of a dependent property or secondary dependent property is loss or damage to "electronic data" including destruction or corruption of "electronic data". If the dependent property or secondary dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Additional Coverage is $5,000 unless a higher Limit Of Insurance is indicated in the Declarations.

(2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:

(a) Source of materials; or

(b) Outlet for your products.

(3) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

(4) Dependent property means property owned by others whom you depend on to:

(a) Deliver materials or services to you, or to others for your account. But services does not mean water supply services, wastewater removal services, communication supply services or power supply services;

(b) Accept your products or services;

(c) Manufacture your products for delivery to your customers under contract for sale; or

(d) Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.

(5) Secondary dependent property means an entity which is not owned or operated by a dependent property and which;

(a) Delivers materials or services to a dependent property, which in turn are used by the dependent property in providing materials or services to you; or

(b) Accepts materials or services from a dependent property, which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a secondary dependent property.

Any property which delivers any of the following services is not a secondary dependent property with respect to such services:

(i) Water supply services;

(ii) Wastewater removal services;

(iii) Communication supply services; or

(iv) Power supply services.

The secondary dependent property must be located in the coverage territory of this policy.

(6) The coverage period for Business Income under this Additional Coverage:

(a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property or secondary dependent property; and

(b) Ends on the date when the property at the premises of the dependent property or secondary dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

(7) The Business Income coverage period, as stated in Paragraph **(6),** does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

(a) Regulates the construction, use or repair, or requires the tearing down of any property; or

(b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not reduce the Business Income coverage period.

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(8) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

n. Glass Expenses

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

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

o. Fire Extinguisher Systems Recharge Expense

(1) We will pay:

(a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and

(b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.

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

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

p. Electronic Data

(1) 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.

(2) The Covered Causes of Loss applicable to Business Personal Property include a computer 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.

(3) The most we will pay under this Additional Coverage - Electronic Data 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, is $10,000, unless a higher Limit Of Insurance is shown in the Declarations. 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.

(4) This Additional Coverage does not apply to your "stock" of prepackaged software, or to "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

q. Interruption Of Computer Operations

(1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.

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(2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

(a) Coverage under this Additional Coverage - Interruption Of Computer Operations is limited to the "specified causes of loss" and Collapse.

(b) If the Businessowners Coverage 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.

(c) The Covered Causes of Loss include a computer 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 an interruption related to 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.

(3) The most we will pay under this Additional Coverage - Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is $10,000 unless a higher Limit Of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

(4) This Additional Coverage - Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in **(3)** above has not been exhausted.

(5) Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs **(1)** through **(4)** of this Additional Coverage.

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(6) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs **(1)** through **(4)** of this Additional Coverage.

(7) This Additional Coverage does not apply when loss or damage to "electronic data" involves only "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

r. Limited Coverage For "Fungi", Wet Rot Or Dry Rot

(1) The coverage described in Paragraphs **r.(2)** and **r.(6)** only applies when the "fungi", wet rot or dry rot is the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

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

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

(a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi" wet rot or dry rot;

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

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

(3) The coverage described under 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) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than the total of $15,000 even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.

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

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

(5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.

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(6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage:

(a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense Additional Coverages 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 "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot 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.

6. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

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

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

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

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

(ii) Use as a warehouse.

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

(2) Business Personal Property

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

(a) Business Personal Property, including such property that you newly acquire, at any location you acquire; or

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

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

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

(3) Period Of Coverage

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

(a) This policy expires;

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

(c) You report values to us.

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

b. Personal Property Off-premises

You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is $10,000.

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c. Outdoor Property

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than trees, shrubs or plants which are part of a vegetated roof), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

The most we will pay for loss or damage under this Extension is $2,500, unless a higher Limit Of Insurance for Outdoor Property is shown in the Declarations, but not more than $1,000 for any one tree, shrub or plant.

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

d. Personal Effects

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

(1) Tools or equipment used in your business; or

(2) Loss or damage by theft.

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

e. Valuable Papers And Records

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(2) This Coverage Extension does not apply to:

(a) Property held as samples or for delivery after sale; and

(b) Property in storage away from the premises shown in the Declarations.

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

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

(4) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.

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

(a) Paragraph **B.1.c.,** Governmental Action;

(b) Paragraph **B.1.d.,** Nuclear Hazard;

(c) Paragraph **B.1.f.,** War And Military Action;

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(d) Paragraph **B.2.f.,** Dishonesty;

(e) Paragraph **B.2.g.,** False Pretense;

(f) Paragraph **B.2.m.(2),** Errors Or Omissions; and

(g) Paragraph **B.3.**

f. Accounts Receivable

(1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:

(a) All amounts due from your customers that you are unable to collect;

(b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and

(d) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

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

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

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

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

(a) Paragraph **B.1.c.,** Governmental Action;

(b) Paragraph **B.1.d.,** Nuclear Hazard;

(c) Paragraph **B.1.f.,** War And Military Action;

(d) Paragraph **B.2.f.,** Dishonesty;

(e) Paragraph **B.2.g.,** False Pretense;

(f) Paragraph **B.3.;** and

(g) Paragraph **B.6.,** Accounts Receivable Exclusion.

g. Business Personal Property Temporarily In Portable Storage Units

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

(2) The limitation under Paragraph **A.4.a.(5)** also applies to property in a portable storage unit.

(3) Coverage under this Extension:

(a) Will end 90 days after the Business Personal Property has been placed in the storage unit;

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

(4) Under this Extension, the most we will pay for the total of all loss or damage to Business Personal Property is $10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units.

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

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Ordinance Or Law

(1) The enforcement of or compliance with any ordinance or law:

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

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

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

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

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

b. Earth Movement

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

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

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

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

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

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

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

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. 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.

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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.

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

f. War And Military Action

(1) War, including undeclared or civil war;

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

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

g. Water

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

(2) Mudslide or mudflow;

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

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

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

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

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

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

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

h. Certain Computer-related Losses

(1) The failure, malfunction or inadequacy of:

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

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

(ii) "Computer" application software or other "electronic data" as may be described elsewhere in this policy;

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

(iv) "Computer" networks;

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

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

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

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

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

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

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

i. "Fungi", Wet Rot Or Dry Rot

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

But if "fungi", wet rot or dry rot 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 "fungi", wet rot or dry rot results from fire or lightning; or

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

j. Virus Or Bacteria

(1) Any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.

(2) However, the exclusion in Paragraph **(1)** does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion i.

(3) With respect to any loss or damage subject to the exclusion in Paragraph **(1)**, such exclusion supersedes any exclusion relating to "pollutants".

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

a. Electrical Apparatus

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:

(1) Electrical current, including arcing;

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

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

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

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

(1) An occurrence that took place within 100 feet of the described premises; or

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

b. Consequential Losses

Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas

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

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d. Steam Apparatus

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

e. Frozen Plumbing

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

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

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

f. Dishonesty

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

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

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

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

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

g. False Pretense

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

h. Exposed Property

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

i. Collapse

(1) Collapse, including any of the following conditions of property or any part of the property:

(a) An abrupt falling down or caving in;

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

(c) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to Paragraph **i.(1)(a)** or **i.(1)(b).**

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.

(2) This Exclusion i. 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.

j. Pollution

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

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k. Neglect

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

l. Other Types Of Loss

(1) Wear and tear;

(2) Rust 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.

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

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

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

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

m. Errors Or Omissions

Errors or omissions in:

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

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

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

n. Installation, Testing, Repair

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

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

o. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided for under the Additional Coverages of Section **I** — Property.

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

p. Continuous Or Repeated Seepage Or Leakage Of Water

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.

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

a. Weather Conditions

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

b. Acts Or Decisions

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

c. Negligent Work

Faulty, inadequate or defective:

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

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

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

(4) Maintenance;

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

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4. Additional Exclusion

The following applies only to the property specified in this Additional Exclusion:

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.

5. Business Income And Extra Expense Exclusions

a. We will not pay for:

(1) Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

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

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

(2) Any other consequential loss.

b. With respect to this exclusion, suspension means:

(1) The partial slowdown or complete cessation of your business activities; and

(2) That a part or all of the described premises is rendered untenantable, if coverage for Business Income applies.

6. Accounts Receivable Exclusion

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

We will not pay for:

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

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

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

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

C. Limits Of Insurance

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

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

3. The amounts of insurance applicable to the Coverage Extensions and the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance of Section **I** — Property:

a. Fire Department Service Charge;

b. Pollutant Clean-up And Removal;

c. Increased Cost Of Construction;

d. Business Income From Dependent Properties;

e. Electronic Data; and

f. Interruption Of Computer Operations.

4. Building Limit - Automatic Increase

a. In accordance with Paragraph **C.4.b.,** the Limit of Insurance for Buildings will automatically increase by 8%, unless a different percentage of annual increase is shown in the Declarations.

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b. The amount of increase is calculated as follows:

(1) Multiply the Building limit that applied on the most recent of the policy inception date, the policy anniversary date or any other policy change amending the Building limit by:

(a) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 7% is .07); or

(b) .08, if no percentage of annual increase is shown in the Declarations; and

(2) Multiply the number calculated in accordance with **b.(1)** by the number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example

If:

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

The amount of increase is

$100,000 x .08 x 146 ÷ 365 = $3,200.

5. Business Personal Property Limit - Seasonal Increase

a. Subject to Paragraph **5.b.,** the Limit of Insurance for Business Personal Property is automatically increased by:

(1) The Business Personal Property - Seasonal Increase percentage shown in the Declarations; or

(2) 25% if no Business Personal Property - Seasonal Increase percentage is shown in the Declarations;

to provide for seasonal variances.

b. The increase described in Paragraph **5.a.** will apply only if the Limit Of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

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

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

D. Deductibles

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

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

a. Money and Securities;

b. Employee Dishonesty;

c. Outdoor Signs; and

d. Forgery or Alteration.

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

3. No deductible applies to the following Additional Coverages:

a. Fire Department Service Charge;

b. Business Income;

c. Extra Expense;

d. Civil Authority; and

e. Fire Extinguisher Systems Recharge Expense.

E. Property Loss Conditions

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

a. Pay its chosen appraiser; and

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

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

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3. Duties In The Event Of Loss Or Damage

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

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

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

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

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

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

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

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

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

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

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

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

4. Legal Action Against Us

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

a. There has been full compliance with all of the terms of this insurance; and

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

5. Loss Payment

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

a. At our option, we will either:

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

(2) Pay the cost of repairing or replacing the lost or damaged property;

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

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraph **d.(1)(e)** below.

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

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

d. Except as provided in Paragraphs **(2)** through **(7)** below, we will determine the value of Covered Property as follows:

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

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

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

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

i. Of comparable material and quality; and

ii. Used for the same purpose; or

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

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

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

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

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

Example

The full replacement cost of property which suffers a total loss is $100,000. The property is insured for $70,000. 80% of the full replacement cost of the property immediately before the loss is $80,000 ($100,000 x .80 = $80,000). A partial loss of $25,000 is sustained. The amount of recovery is determined as follows:

Amount of recovery

$70,000 ÷ $80,000 = .875

.875 x $25,000 = $21,875

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

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

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

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

However, if the cost to repair or replace the damaged building property is $2,500 or less, we will settle the loss according to the provisions of Paragraphs **d.(1)(a)** and **d.(1)(b)** above whether or not the actual repair or replacement is complete.

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

(2) If the Actual Cash Value - Buildings option applies, as shown in the Declarations, Paragraph **(1)** above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.

(3) The following property at actual cash value:

(a) Used or secondhand merchandise held in storage or for sale;

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

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(c) Household contents, except personal property in apartments or rooms furnished by you as landlord;

(d) Manuscripts; and

(e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.

(4) Glass at the cost of replacement with safety glazing material if required by law.

(5) Tenants' improvements and betterments at:

(a) Replacement cost if you make repairs promptly.

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

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

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

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

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

(6) Applicable only to the Optional Coverages:

(a) "Money" at its face value; and

(b) "Securities" at their value at the close of business on the day the loss is discovered.

(7) Applicable only to accounts receivable:

(a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:

(i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

(ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

(b) The following will be deducted from the total amount of accounts receivable, however that amount is established:

(i) The amount of the accounts for which there is no loss or damage;

(ii) The amount of the accounts that you are able to reestablish or collect;

(iii) An amount to allow for probable bad debts that you are normally unable to collect; and

(iv) All unearned interest and service charges.

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

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

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

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

(2) An appraisal award has been made.

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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 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.

6. Recovered Property

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

7. Resumption Of Operations

We will reduce the amount of your:

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

b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

8. Vacancy

a. Description Of Terms

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

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

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

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

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

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

b. Vacancy Provisions

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

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

(a) Vandalism;

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

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(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

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

F. Property General Conditions

1. Control Of Property

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

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

2. Mortgageholders

a. The term "mortgageholder" includes trustee.

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

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

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

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

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

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

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

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

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

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

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

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

(1) 10 days before the effective date of cancellation if we cancel for your 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.

3. No Benefit To Bailee

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

4. Policy Period, Coverage Territory

Under Section **I** — Property:

a. We cover loss or damage commencing:

(1) During the policy period shown in the Declarations; and

(2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

b. The coverage territory is:

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

(2) Puerto Rico; and

(3) Canada.

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G. Optional Coverages

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

1. Outdoor Signs

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

(1) Owned by you; or

(2) Owned by others but in your care, custody or control.

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

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

(2) Paragraph **B.1.d.,** Nuclear Hazard; and

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

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

(1) Wear and tear;

(2) Hidden or latent defect;

(3) Rust;

(4) Corrosion; or

(5) Mechanical breakdown.

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

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

2. Money And Securities

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

(1) Theft, meaning any act of stealing;

(2) Disappearance; or

(3) Destruction.

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

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

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

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

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

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

(a) In or on the described premises; or

(b) Within a bank or savings institution; and

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

d. All loss:

(1) Caused by one or more persons; or

(2) Involving a single act or series of related acts;

is considered one occurrence.

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

3. Employee Dishonesty

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

(1) Cause you to sustain loss or damage; and also

(2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of emloyment) for:

(a) Any employee; or

(b) Any other person or organization.

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b. We will not pay for loss or damage:

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

(2) Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph **a.**), "managers" or directors:

(a) Whether acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(3) The only proof of which as to its existence or amount is:

(a) An inventory computation; or

(b) A profit and loss computation.

(4) Caused by an employee if the employee had also committed theft or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the employee, learned of that theft or dishonest act prior to the policy period shown in the Declarations.

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

d. All loss or damage:

(1) Caused by one or more persons; or

(2) Involving a single act or series of acts;

is considered one occurrence.

e. If any loss is covered:

(1) Partly by this insurance; and

(2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

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

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

f. This Optional Coverage is cancelled as to any employee immediately upon discovery by:

(1) You; or

(2) Any of your partners, "members", "managers", officers or directors not in collusion with the employee;

of any dishonest act committed by that employee before or after being hired by you.

g. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

h. If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:

(1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and

(2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

i. The insurance under Paragraph **h.** above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:

(1) This Optional Coverage as of its effective date; or

(2) The prior insurance had it remained in effect.

j. With respect to the Employee Dishonesty Optional Coverage in Paragraph **G.3.,** employee means:

(1) Any natural person:

(a) While in your service or for 30 days after termination of service;

(b) Who you compensate directly by salary, wages or commissions; and

(c) Who you have the right to direct and control while performing services for you;

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(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent employee, as defined in Paragraph **(1)** above, who is on leave; or

(b) To meet seasonal or short-term workload conditions;

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2)** above;

(4) Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or

(5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

(1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(2) Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

4. Equipment Breakdown Protection Coverage

a. We will pay for direct loss of or damage to Covered Property caused by or resulting from a mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment.

Mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment does not mean any:

(1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;

(2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;

(3) Damage to any vacuum tube, gas tube, or brush; or

(4) The functioning of any safety or protective device.

b. Paragraphs **A.4.a.(1)** and **A.4.a.(2),** Limitations, do not apply to this Optional Coverage.

c. With respect to the coverage provided by this Optional Coverage, the following exclusions in Paragraph **B.** Exclusions do not apply:

(1) Paragraph **B.2.a.,** Electrical Apparatus;

(2) Paragraph **B.2.d.,** Steam Apparatus; and

(3) Paragraph **B.2.l.(6),** Mechanical Breakdown.

d. With respect to the coverage provided by this Optional Coverage, Paragraph **G.1.c.(5)** of the Outdoor Signs Optional Coverage does not apply.

e. If a dollar deductible is shown in the Declarations for this Optional Coverage, we will first subtract the applicable deductible amount from any loss we would otherwise pay. We will then pay the amount of loss in excess of the applicable deductible up to the applicable limit for this coverage.

If no optional deductible is chosen for this Optional Coverage, the Property Deductible shown in the Declarations applies.

f. With respect to Additional Coverages **5.f.** Business Income and **5.g.** Extra Expense, if the 72-hour time period in the definition of "period of restoration" (hereinafter referred to as time deductible) is amended for this Optional Coverage as shown in the Declarations, we will not pay for any Business Income loss that occurs during the consecutive number of hours shown as the time deductible in the Declarations immediately following a mechanical breakdown or electrical failure. If a time deductible is shown in days, each day shall mean 24 consecutive hours.

With respect to the coverage provided by this Optional Coverage, any time deductible shown in the Declarations for Equipment Breakdown Protection Coverage supersedes any time deductible otherwise applicable to the Business Income coverage provided by this policy.

g. With respect to the coverage provided by this Optional Coverage, Paragraph **H. Property Definitions** is amended as follows:

1. "Computer" means:

a. Programmable electronic equipment that is used to store, retrieve and process data; and

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b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

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

h. Whenever any covered pressure, mechanical or electrical machinery and equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may suspend coverage provided by this Optional Coverage for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment.

However, coverage provided by this Optional Coverage may be reinstated for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment if the reasons for the suspension are found by any of our representatives to no longer exist.

We may suspend or reinstate this Optional coverage by mailing or delivering a written notification regarding the suspension or reinstatement to:

(1) Your last known address; or

(2) The address where the pressure, mechanical or electrical machinery and equipment is located.

This notification will indicate the effective date of the suspension or reinstatement.

If the coverage provided by this Optional Coverage is not reinstated, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

H. Property Definitions

1. "Computer" means:

a. Programmable electronic equipment that is used to store, retrieve and process data; and

b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

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

2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

3. "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.

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

5. "Manager" means a person serving in a directorial capacity for a limited liability company.

6. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

7. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Traveler's checks, register checks and money orders held for sale to the public.

8. "Operations" means your business activities occurring at the described premises.

9. "Period of restoration":

a. Means the period of time that:

(1) Begins:

(a) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or

(b) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

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(2) Ends on the earlier of:

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

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

b. Does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

10. "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.

11. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

12. "Specified causes of loss" means the following:

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

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

(1) The cost of filling sinkholes; or

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

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

(1) Personal property in the open; or

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

c. Water damage means:

(1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam; and

(2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

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

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

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

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14. "Valuable papers and records" means inscribed, printed or written:

a. Documents;

b. Manuscripts; and

c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities".

SECTION II — LIABILITY

A. Coverages

1. Business Liability

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Paragraph **D.** Liability And Medical Expenses Limits Of Insurance in Section **II** — Liability; and

(2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses.

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

b. This insurance applies:

(1) To "bodily injury" and "property damage" only if:

(a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(b) The "bodily injury" or "property damage" occurs during the policy period; and

(c) Prior to the policy period, no insured listed under Paragraph **C.1.** Who Is An Insured and no employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such ""bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.

(2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **C.1.** Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **C.1.** Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

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f. Coverage Extension - Supplementary Payments

(1) We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

(a) All expenses we incur.

(b) Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.

(c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.

(d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

(e) All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

(f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.

(g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the limit of liability.

(2) If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

(a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

(b) This insurance applies to such liability assumed by the insured;

(c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

(d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

(e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

(f) The indemnitee:

(i) Agrees in writing to:

i. Cooperate with us in the investigation, settlement or defense of the "suit";

ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

iii. Notify any other insurer whose coverage is available to the indemnitee; and

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iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(ii) Provides us with written authorization to:

i. Obtain records and other information related to the "suit"; and

ii. Conduct and control the defense of the indemnitee in such "suit".

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

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

(a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or

(b) The conditions set forth above, or the terms of the agreement described in Paragraph **(2)(f)** above, are no longer met.

2. Medical Expenses

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

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations;

provided that:

(a) The accident takes place in the "coverage territory" and during the policy period;

(b) The expenses are incurred and reported to us within one year of the date of the accident; and

(c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

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

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

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

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

B. Exclusions

1. Applicable To Business Liability Coverage

This insurance does not apply to:

a. Expected Or Intended Injury

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

b. Contractual Liability

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

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

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

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

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

c. Liquor Liability

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

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims allege negligence or other wrongdoing in:

(a) The supervision, hiring, employment, training or monitoring of others by an insured; or

(b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph **(1), (2)** or **(3)** above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

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

e. Employer's Liability

"Bodily injury" to:

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

(a) Employment by the insured; or

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

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

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

f. Pollution

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

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

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

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

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

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

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

(i) Any insured; or

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

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

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

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

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

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

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

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

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This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 51 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract""for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

(a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or

(b) The operation of any of the following machinery or equipment:

(i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

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

h. Mobile Equipment

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

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

i. War

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

(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 government authority in hindering or defending against any of these.

j. Professional Services

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

(1) Legal, accounting or advertising services;

(2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;

(3) Supervisory, inspection or engineering services;

(4) Medical, surgical, dental, X-ray or nursing services treatment, advice or instruction;

(5) Any health or therapeutic service treatment, advice or instruction;

(6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

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(7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

(8) Body piercing services; and

(9) Services in the practice of pharmacy.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

k. Damage To Property

"Property damage" to:

(1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

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

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

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

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

l. Damage To Your Product

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

m. Damage To Your Work

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

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

n. Damage To Impaired Property Or Property Not Physically Injured

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

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

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

o. Recall Of Products, Work Or Impaired Property

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

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

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

p. Personal And Advertising Injury

"Personal and advertising injury":

(1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";

(2) Arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity;

(3) Arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period;

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

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

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

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

(8) Committed by an insured whose business is:

(a) Advertising, broadcasting, publishing or telecasting;

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

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

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

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

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

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

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

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

(11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;

(12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan;

(13) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

q. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

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As used in this exclusion, 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.

r. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

s. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

(1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;

(2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;

(3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or

(4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

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

2. Applicable To Medical Expenses Coverage

We will not pay expenses for "bodily injury":

a. To any insured, except "volunteer workers".

b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. To a person injured on that part of premises you own or rent that the person normally occupies.

d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.

f. Included within the "products-completed operations hazard".

g. Excluded under Business Liability Coverage.

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

This insurance does not apply:

a. Under Business Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

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(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:

(a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or

(b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if:

(1) The "nuclear material":

(a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or

(b) Has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

d. As used in this exclusion:

(1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

(2) "Hazardous properties" include radioactive, toxic or explosive properties;

(3) "Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for:

(i) Separating the isotopes of uranium or plutonium;

(ii) Processing or utilizing "spent fuel"; or

(iii) Handling, processing or packaging "waste";

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

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

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

(4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";

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

(6) "Property damage" includes all forms of radioactive contamination of property;

(7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

(8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

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

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(10) "Waste" means any waste material:

(a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and

(b) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs **(a)** and **(b)** of the definition of "nuclear facility".

C. Who Is An Insured

1. If you are designated in the Declarations as:

a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.

c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

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

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

(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co "employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

(b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph **(a)** above;

(c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(a)** or **(b);** or

(d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

(a) Owned, occupied or used by;

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(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

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

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

(1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

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

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

D. Liability And Medical Expenses Limits Of Insurance

1. The Limits of Insurance of Section **II** — Liability shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

2. The most we will pay for the sum of all damages because of all:

a. "Bodily injury', "property damage" and medical expenses arising out of any one "occurrence"; and

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

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

3. The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

a. All "bodily injury" and "property damage" that is included in the "products completed operations hazard" is twice the Liability and Medical Expenses limit.

b. All:

(1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products completed operations hazard";

(2) Plus medical expenses;

(3) Plus all "personal and advertising injury" caused by offenses committed;

is twice the Liability and Medical Expenses limit.

Subject to Paragraph **a.** or **b.** above, whichever applies, the Damage To Premises Rented To You limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

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

E. Liability And Medical Expenses General Conditions

1. Bankruptcy

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

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

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

(1) How, when and where the "occurrence" or offense took place;

(2) The names and addresses of any injured persons and witnesses; and

(3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

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

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

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

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

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

3. Legal Action Against Us

No person or organization has a right under this policy:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this policy unless all of its terms have been fully complied with.

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

4. Separation Of Insureds

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

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

F. Liability And Medical Expenses Definitions

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means:

a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

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

4. "Coverage territory" means:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

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b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or

c. All other parts of the world if the injury or damage arises out of:

(1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;

(2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or

(3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

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

5. "Employee" includes a "leased worker" "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

(1) The repair, replacement, adjustment or removal of "your product" or "your work"; or

(2) Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

b. A sidetrack agreement;

c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

e. An elevator maintenance agreement;

f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

(1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;

(2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or

(b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

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

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

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

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft, watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

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

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

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, on which are permanently mounted:

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

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

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

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

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in Paragraph **a., b., c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

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

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

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f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" 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.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

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

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

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or

(2) The existence of tools, uninstalled equipment or abandoned or unused materials.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

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

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

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

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(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

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

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

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

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. Five days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:

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

(a) Seasonal unoccupancy; or

(b) Buildings in the course of construction, renovation or addition.

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

(2) After damage by a Covered Cause of Loss, permanent repairs to the building:

(a) Have not started; and

(b) Have not been contracted for;

within 30 days of initial payment of loss.

(3) The building has:

(a) An outstanding order to vacate;

(b) An outstanding demolition order; or

(c) Been declared unsafe by governmental authority.

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

(5) Failure to:

(a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

(b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

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

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

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6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

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

C. Concealment, Misrepresentation Or Fraud

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

1. This policy;

2. The Covered Property;

3. Your interest in the Covered Property; or

4. A claim under this policy.

D. Examination Of Your Books And Records

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

E. Inspections And Surveys

1. We have the right to:

a. Make inspections and surveys at any time;

b. Give you reports on the conditions we find; and

c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

a. Are safe and healthful; or

b. Comply with laws, regulations, codes or standards.

3. Paragraphs **1.** and **2.** of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph **2.** of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

F. Insurance Under Two Or More Coverages

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

G. Liberalization

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

H. Other Insurance

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

2. Business Liability Coverage is excess over:

a. Any other insurance that insures for direct physical loss or damage; or

b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured.

3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

I. Premiums

1. The first Named Insured shown in the Declarations:

a. Is responsible for the payment of all premiums; and

b. Will be the payee for any return premiums we pay.

2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

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3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

a. Paid to us prior to the anniversary date; and

b. Determined in accordance with Paragraph **2.** above.

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

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

J. Premium Audit

1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.

2. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

3. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

K. Transfer Of Rights Of Recovery Against Others To Us

1. Applicable to Businessowners Property Coverage:

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

a. Prior to a loss to your Covered Property.

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

(1) Someone insured by this insurance;

(2) A business firm:

(a) Owned or controlled by you; or

(b) That owns or controls you; or

(3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

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

L. Transfer Of Your Rights And Duties Under This Policy

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

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

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NEW MEXICO CHANGES

BUSINESSOWNERS
BP 01 09 01 20

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Section I Property is amended as follows:

1. The following exclusion and related provisions are added to Paragraph **B.2. Exclusions:**

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

(1) By or at the direction of any insured; and

(2) With the intent to cause a loss.

b. However, this exclusion will not apply to deny coverage to an innocent coinsured victim of domestic abuse who did not cooperate in or contribute to the creation of the loss provided that the loss is otherwise covered under this Coverage Form and is proximately related to and in furtherance of domestic abuse.

c. If we pay a claim pursuant to Paragraph **1.b.,** our payment to the insured is limited to the extent of that person's interest in the property. In no event will we pay more than the Limit of Insurance.

2. With respect to coverage provided under this Policy for one- through four-family residential buildings which you own and lease to others for use as a residence, the following is added to Paragraph **E.5. Loss Payment** Property Loss Condition and supersedes any provision to the contrary:

a. We will pay, subject to the Limit of Insurance, no more than the actual cash value of the damaged residential building until the actual repair or replacement is complete. However, if the actual cash value amount is insufficient to initiate repair or replacement of the damaged residential building, we will advance to you the amount necessary for you to initiate such repair or replacement. After the payment of actual cash value or such greater amount as described above, we will advance further amounts as necessary to continue the repair or replacement. The total of all advances and other payments hereunder will not exceed the amount allowed under Paragraph **5.d.(1)(c),** nor will that total exceed the amount of loss payment you and we agree upon.

Under this loss settlement procedure, the following special provisions apply:

(1) You shall promptly forward to us evidence of the agreement with the party repairing or replacing the damaged residential building, showing the cost and estimated completion date of the repairs to the building; and

(2) We will send to you the balance, if any, of the loss payment previously agreed upon when you forward to us evidence of the completion of the repairs to the damaged residential building.

b. Paragraph **5.d.(2)** concerning the Actual Cash Value Buildings option does not apply.

B. Section III – Common Policy Conditions is amended as follows:

1. Paragraph **A.2. Cancellation** is replaced by the following:

2. Permissible Reasons And Notice Period

a. If this Policy has been in effect less than 60 days and is not a renewal of a policy we issued, we may cancel for any reason by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation, provided that the cancellation becomes effective before the Policy has been in effect for 60 days.

b. If Paragraph **a.** does not apply we may cancel only for one or more of the following reasons:

(1) Nonpayment of premium.

(2) There has been a substantial change in the risk assumed by us since the Policy was issued.

(3) The Policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by us.

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(4) Willful and negligent acts or omission by the insured have substantially increased the hazards insured against.

(5) You presented a claim based on fraud or material misrepresentation.

c. If we cancel subject to **2.b.** above, we will mail or deliver to the first Named Insured written notice of cancellation at least:

(1) 10 days before the effective date of cancellation, for the reason set forth in **2.b.(1).**

(2) 30 days before the effective date of cancellation, for the reason set forth in **2.b.(2).**

(3) 15 days before the effective date of cancellation, for a reason set forth in **2.b.(3), 2.b.(4)** or **2.b.(5).**

The written notice will state the reason for cancellation, except that such statement may be omitted from a notice mailed to an additional insured or lienholder under this Policy.

2. The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us:**

If we pay an innocent coinsured victim of domestic abuse for loss arising out of an act of domestic abuse by another insured, the rights of the innocent coinsured to recover damages from the perpetrator of the domestic abuse are transferred to us to the extent of our payment. Following the loss, the innocent coinsured may not waive such rights to recover against the perpetrator of the domestic abuse.

3. The following paragraph is added and supersedes any provision to the contrary:

M. Nonrenewal

If we decide not to renew this Policy, we will mail to the first Named Insured written notice of the nonrenewal not less than 30 days before the expiration date of the Policy.

Proof of mailing will be sufficient proof of notice.

C. In Paragraphs **A.1.** and **B.2.** of this Endorsement, domestic abuse means attempting to cause or intentionally, knowingly or recklessly causing damage to property for the purpose of intimidating or attempting to control the behavior of another person, including a minor.

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NEW MEXICO CHANGES — PROPERTY CLAIMS SETTLEMENT IN THE EVENT OF A CATASTROPHE

BUSINESSOWNERS
BP 01 29 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following applies to **Section I — Property:**

A. The provisions of this endorsement apply to a claim for direct physical loss or damage to Covered Property, provided that:

1. The claim is for loss or damage that results from a catastrophe declared by the Superintendent of Insurance; and

2. The catastrophic event is a Covered Cause of Loss.

B. The following provisions are added to the policy and supersede any provisions to the contrary:

1. If you reported your claim to us:

a. Before the catastrophe was declared, we will reach agreement with you on the amount of loss within 90 days after the date the catastrophe was declared;

b. After the catastrophe was declared, we will reach agreement with you on the amount of loss within 90 days after the date on which you reported the claim.

2. However, the time periods specified in **B.1.** above will be extended by the period of time taken to resolve the following situations:

a. We suspect the claim is fraudulent and commence an investigation to make such a determination;

b. You do not provide the necessary information regarding the nature of the claim, following our request for such information; or

c. You filed suit against us in connection with the claim before expiration of the applicable 90-day period.

C. All other provisions of this policy continue to apply in the event of a catastrophe, including Paragraphs **E.2. Appraisal** and **E.4. Legal Action Against Us** Property Loss Conditions.

D. This endorsement does not invalidate our right to deny your claim, nor the right of either party to seek judgment in a court having jurisdiction.

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EMPLOYMENT-RELATED PRACTICES EXCLUSION

BUSINESSOWNERS
BP 04 17 01 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph **B.1. Exclusions - Applicable To Business Liability Coverage** in **SECTION II - LIABILITY:**

This insurance does not apply to "bodily injury" or "personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraph **(a), (b)** or **(c)** above is directed.

This exclusion applies:

(1) Whether the injury-causing event described in Paragraph **(a), (b)** or **(c)** above occurs before employment, during employment or after employment of that person;

(2) Whether the insured may be liable as an employer or in any other capacity; and

(3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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REMOVAL OF INSURANCE-TO-VALUE PROVISION

BUSINESSOWNERS
BP 04 83 01 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Paragraph **E.5.d. Loss Payment** Property Loss Condition in **SECTION I — PROPERTY** is amended as follows:

A. Paragraph **d.(1)(a)** is replaced by the following:

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

(a) We will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:

(i) The Limit of Insurance under **SECTION I — PROPERTY** that applies to the lost or damaged property;

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

i. Of comparable material and quality; and

ii. Used for the same purpose; or

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

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

B. Paragraph **d.(1)(b)** does not apply.

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CALCULATION OF PREMIUM

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

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CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

BUSINESSOWNERS
BP 05 23 01 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Policy and apply to Property and Liability Coverages:

A. CAP ON CERTIFIED TERRORISM LOSSES

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

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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

B. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

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FUNGI OR BACTERIA EXCLUSION (LIABILITY)

BUSINESSOWNERS
BP 05 77 01 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

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

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

t. Fungi Or Bacteria

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

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

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

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

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

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EXCLUSION — ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY — WITH LIMITED BODILY INJURY EXCEPTION

BUSINESSOWNERS
BP 15 04 05 14

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Exclusion **B.1.q. of Section II — Liability** is replaced by the following:

This insurance does not apply to:

q. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

(1) Damages, other than damages because of "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or

(2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

However, unless Paragraph **(1)** above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, 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.

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B. The following is added to Paragraph **B.1.p. Personal And Advertising Injury** Exclusion of **Section II — Liability:**

This insurance does not apply to:

p. Personal And Advertising Injury

"Personal and advertising injury":

Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

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ELECTRONIC INFORMATION SYSTEMS COVERAGE

BUSINESSOWNERS
BP 70 27 09 18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

This coverage is subject to the provisions applicable to:

1. **SECTION I — PROPERTY** of the Businessowners Coverage Form; and
2. The applicable property enhancement endorsement attached to this policy,

except as provided below:

The following provisions apply only to the coverage provided by this endorsement.

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A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY

a. "Computer" Equipment, and

b. "Electronic Data"

while at the premises described in the Declarations, while in transit, or while at any unnamed premises.

2. PROPERTY NOT COVERED

Covered Property does not include:

a. "Computer" equipment rented, leased or sold to others;

b. Program support documentation, flowcharts, record formats, or narrative descriptions, unless this property has been converted to "electronic data" form.

c. Accounts, bills, evidences of debt, valuable papers, abstracts, records, deeds, manuscripts or other documents, unless converted to "electronic data" and then only in that form;

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

e. Stock in trade; or

f. Theft or disappearance of "portable computers" while in transit as checked luggage.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means risk of direct physical loss to Covered Property except those causes of loss listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. Newly Acquired Property

If during the policy period you acquire additional Covered Property, we will cover this Covered Property, for up to 180 days, but not beyond the end of the policy period. The most we will pay for loss or damage under this Coverage Extension is $50,000.

You must:

(1) Report your acquisition of such Covered Property to us within 180 days from the date acquired; and

(2) Pay any additional premium that is due.

If you fail to comply with these requirements, coverage will end automatically 180 days after the date you acquired the Covered Property or at the end of the policy period, whichever occurs first.

This Coverage Extension is in addition to the Limit of Insurance shown for the Blanket Additional Coverage in the Schedule.

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b. Newly Acquired Premises

If during the policy period you acquire additional premises, we will cover direct physical loss or damage to Covered Property, at the additional premises from a Covered Cause of Loss for up to 180 days, but not beyond the end of the policy period. The most we will pay for loss or damage under this Coverage Extension is $50,000.

You must:

(1) Report your acquisition of such additional premises to us within 180 days from the date acquired; and

(2) Pay any additional premium that is due.

If you fail to comply with these requirements, coverage will end automatically 180 days after the date you acquired the additional premises or at the end of the policy period, whichever occurs first.

This Coverage Extension is in addition to the Limit of Insurance shown for the Blanket Additional Coverage in the Schedule.

c. Debris Removal Coverage

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss.

(2) This coverage extension does not include the cost to:

(a) Extract pollutants from land or water; or

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

(3) The most we will pay under this coverage extension is:

(a) 25% of the amount we pay for the direct physical loss. However, we will not pay more for loss to Covered Property and debris removal combined than the Limit of Insurance shown for the Blanket Additional Coverage in the Schedule.

(b) Up to $25,000 for debris removal expense when the debris removal expense exceeds 25% of the amount we pay for direct physical loss or when the loss to Covered Property and debris removal combined exceeds the Limit of Insurance shown for the Blanket Additional Coverage in the Schedule.

(4) We will not pay any expenses unless they are report to us in writing within 180 days from the date of direct physical loss to Covered Property.

d. Emergency Removal

We will pay for loss to Covered Property from a Covered Cause of Loss that has been moved because of the imminent danger of loss while it is:

(1) At a safe place away from your premises; or

(2) Being taken to and returned from that place.

This Coverage Extension is:

(1) Included within the Limit of Insurance shown for the Blanket Additional Coverage in the Schedule applicable to the premises from which the Covered Property is removed.

(2) Applies for up to 365 days after the Covered Property is first moved, but not beyond the policy expiration.

We will also pay up to $5,000 of the expense to move or store Covered Property to prevent loss or damage from a Covered Cause of Loss. This is in addition to the Limit of Insurance shown for the Blanket Additional Coverage in the Declarations.

e. Duplicate "Electronic Data" Coverage

We will cover duplicate or back-up copies of "electronic data" for loss or damage as a result of a Covered Cause of Loss while stored at a separate premises other than the described premises.

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

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f. Fire Protection System Recharge

We will pay up to $5,000 for costs you actually incur in recharging any automatic fire protection system, even if discharged accidentally. The Deductible will not apply to this Coverage Extension.

g. Transit and Unnamed Premises

We will pay for direct physical loss or damage to Covered Property while in transit or at any unnamed premises within the Coverage Territory as defined in **D.2.** below.

The most we will pay under this Coverage Extension is:

(1) $25,000; except when

(2) One of the Professional Office or Technology Coverage Options is written. Then the most we will pay is $50,000.

h. Virus or Harmful Code

We will pay:

(1) The cost to replace or restore "electronic data":

(a) Which has been destroyed or corrupted by 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;

(b) Which has been scanned, copied or observed by an unauthorized person's access into a computer system (including "electronic data") or a network to which it is connected.

(2) The loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration" caused by an interruption in computer operation due to the:

(a) Destruction or corruption of "electronic data" due to a virus, harmful code or similar instruction; or

(b) Scanning, copying or observation of "electronic data" by an unauthorized person.

This Coverage Extension does not apply to:

(1) Loss of exclusive use of any "data";

(2) Reduction in the economic or market value of any "data";

(3) Loss, damage, expense or loss of Business Income 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; or

(4) Theft of personal or proprietary information.

The most we will pay under this Coverage Extension is:

(1) $25,000 in any one occurrence; and

(2) $75,000 in any one policy year

unless a higher limit is shown in the Declarations.

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.

i. Fraud and Deceit

We will pay for loss by theft of Covered Property when you, your employees, agents, customers, consignees are fraudulently induced to part with the Covered Property:

(1) To persons who falsely represent themselves as the property persons to receive the property; or

(2) By the acceptance of fraudulent bills of lading or shipping receipts.

The most we will pay in any one occurrence for theft of Covered Property under this Coverage Extension is $5,000.

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j. Incompatible Equipment and Data

In the event of loss or damage to Covered Property from a Covered Cause of Loss, we will pay the cost to modify or replace undamaged Covered Property when it:

(1) Was dependent on the damaged Covered Property prior to the covered loss; and

(2) Is not compatible with the Covered Property that is replacing the property that was involved in the covered loss.

We will only pay for your costs to modify or replace undamaged property if the incompatible property is at a premises described in the Declarations.

The most we will pay in any one occurrence for your costs to modify or replace incompatible Covered Property is $10,000.

This Coverage Extension is in addition to the Limit of Insurance shown for the Blanket Additional Coverage in the Schedule.

B. EXCLUSIONS

1. Section **B., Exclusions of the Businessowners** Coverage Form **SECTION I — PROPERTY,** does not apply to this coverage, except for:

a. Governmental Action;

b. Nuclear Hazard; and

c. War and Military Action.

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

a. Delay, loss of use, loss of market or any other consequential loss.

b. Dishonest acts by:

(1) You, any of your partners, employees or authorized representatives;

(2) A manager or a member if you are a limited liability company;

(3) Anyone else with an interest in the property, or their employees or authorized representatives; or

(4) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

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

c. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense except as provided by the Coverage Extension for Fraud and Deceit.

d. Unauthorized instructions to transfer property to any person or to any place.

e. Errors or omissions in programming.

f. Unexplained disappearance.

g. Shortage found upon taking inventory.

h. Lapse, suspension or cancellation of any lease, license, contract or order.

i. Enforcement of any ordinance or law regulating or restricting the construction, use or repair of any property.

j. Virus, harmful code or similar instructions as outlined below except as provided by the Coverage Extension for Virus or Harmful Code:

(1) The introduction into your "computer" systems of a virus, harmful code or similar instruction enacted on a computer system (including "electronic data") or network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation; and

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(2) The unauthorized intrusion into your "computer" system (including "electronic data") or network to which it is connected, designed to:

(a) Damage or destroy any part of the system or disrupt its normal operation; or

(b) Observe, scan or copy "data".

3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage:

a. Wear and tear, depreciation.

b. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.

c. Insects, vermin or rodents.

d. Corrosion or rust.

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

C. LIMIT OF INSURANCE

This section is replaced by the following:

The most we will pay for loss or damage to Covered Property in any one occurrence is the Limit of Insurance shown for the Blanket Additional Coverage in the Schedule.

D. CONDITIONS

1. Valuation.

Paragraph **E.5.d.** of the Loss Payment Property Loss Condition is deleted and replaced by the following:

We will determine the value of Covered Property as follows:

a. "Data"

The value of "data" will be the actual cost to reproduce. If the "data" is not replaced or reproduced, we will pay the cost of the value of the "media" with no stored "data".

b. "Computer" Equipment

The value of "computer" equipment will be its replacement cost without deduction for depreciation. We will not pay more for any loss on a replacement cost basis than the least of:

(1) The Limit of Insurance shown for the Blanket Additional Coverage in the Schedule.

(2) The cost to replace the "computer" equipment with other "computer" equipment:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount you actually spend that is necessary to repair or replace the "computer" equipment.

We will not pay on a replacement cost basis for any loss:

(1) Until the "computer" equipment is actually repaired or replaced; and

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

In the event of loss, the value of the "computer" equipment will be determined as of the time of loss.

c. Media

The value of "media" will be based on the cost to repair or replace the "media" with material of the same kind or quality.

2. Coverage Territory.

The Coverage Territory provision in the **Property General Conditions** is deleted and replaced with the following:

The coverage territory is worldwide except for any country which the United States has imposed sanctions, embargoes or any similar prohibition or restrictions.

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E. DEFINITIONS

In addition to the definitions in Paragraph **H.** Property Definitions, the following definitions apply to the coverage contained in this endorsement:

1. "Data" means:

a. Records, information and files stored on magnetic tapes, disk packs, drums, paper tapes and cards;

b. Programming records used for electronic data processing or electronically controlled equipment; and

c. "Media".

2. "Media" means the material on which data is recorded, such as magnetic tapes, disk packs, drums, paper tapes, cards and programs. This includes the data stored on the "media".

3. "Portable computers" means computers used in your "operations" easily transported by one person such as laptops, notebooks and personal digital assistants. This includes portable electronic accessories used with the "portable computer" such as multimedia projectors.

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EQUIPMENT BREAKDOWN COVERAGE
(Including Electronic Circuitry Impairment)

BUSINESSOWNERS
BP 71 35 03 25

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

PART I — EQUIPMENT BREAKDOWN COVERAGE

A. The following is added to Paragraph **A.3.** Covered Causes of Loss in **SECTION I - PROPERTY**:

Additional Coverage - Equipment Breakdown

Additional Coverage Equipment Breakdown as described and limited below is included in the term Covered Cause of Loss. Without an "accident" or "electronic circuitry impairment", there is no Equipment Breakdown Coverage.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident" or "electronic circuitry impairment". We will consider "electronic circuitry impairment" to be physical damage to "covered equipment".

2. The following coverages also apply to the direct result of an "accident" or "electronic circuitry impairment" unless otherwise shown in a "schedule". These coverages do not provide additional amounts of insurance.

a. Business Income and Extra Expense

(1) Any insurance provided under the policy to which this Equipment Breakdown Coverage endorsement is attached for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in a "schedule", then with respect to this endorsement only, the "period of restoration" will begin immediately after the "accident" or "electronic circuitry impairment" and the deductible shown in a "schedule" will apply.

(2) The most we will pay under this Business Income and Extra Expense coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in a "schedule".

b. Data Restoration

(1) We will pay for your reasonable and necessary cost to research, replace and restore lost "data".

(2) The most we will pay under this Data Restoration coverage is $25,000, unless otherwise shown in a "schedule". This amount includes the actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered.

c. Expediting Expenses

(1) With respect to your damaged Covered Property, we will pay the reasonable and necessary extra cost to:

(a) Make temporary repairs; and

(b) Expedite permanent repairs or replacement.

(2) The most we will pay under this Expediting Expenses coverage is $25,000.

d. Future Loss Avoidance

(1) This coverage only applies if you have received payment under this Equipment Breakdown Coverage for an "accident" or "electronic circuitry impairment" that occurred on the premises of a covered location.

(2) We will pay your costs to purchase and install Protective Equipment at the location of the loss as follows:

(a) Electrical surge protection or single phase Protective Equipment; or

(b) Other Protective Equipment if we agree that such equipment would reasonably reduce the likelihood of a future "accident" or "electronic circuitry impairment" similar to the one for which you have received payment from us. We will not unreasonably withhold such agreement.

(3) As used in this coverage, Protective Equipment means a permanently installed physical device with the principal function of safeguarding one or more pieces of "covered equipment" from physical damage.

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(4) We must receive your invoices for any purchase and installation costs no later than 180 days after the date you receive the payment for the loss from us.

(5) With respect to any "one equipment breakdown", the most we will pay is the lesser of the following:

(a) 10% of our Eligible Payment to you prior to any payment under this Future Loss Avoidance coverage; or

(b) $10,000.

(6) As used in this coverage, Eligible Payment means our total payment to you not including the following:

(a) Any deductible or coinsurance amount; or

(b) Any payment made after this policy has been cancelled or non-renewed.

e. Green

(1) With respect to Covered Property, we will pay your additional cost to:

(a) Repair damaged property using equipment, materials and service firms required or recommended by a "recognized environmental standards program", if repair is the least expensive option;

(b) Replace damaged property using equipment, materials and service firms required or recommended by a "recognized environmental standards program", if replacement is the least expensive option;

(c) Dispose of damaged property or equipment, if practicable, through a recycling process; and

(d) Flush out reconstructed space with up to 100% outside air using new filtration media.

(2) With respect to any building that is Covered Property and was, at the time of the "accident" or "electronic circuitry impairment" certified by a "recognized environmental standards program", we will pay your additional cost:

(a) To prevent a lapse of such certification;

(b) To reinstate the certification or replace it with an equivalent certification;

(c) For an engineer authorized by a "recognized environmental standards program" to oversee the repair or replacement of the damaged Covered Property; and

(d) For a Professional Engineer to commission or recommission your damaged mechanical, electrical or electronic building systems.

(3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage in the absence of this Green coverage.

(4) This Green coverage is subject to the following provisions:

(a) This coverage applies in addition to any coverage that may apply under the Environmental, Safety and Efficiency Improvements condition of this endorsement or any other applicable coverage.

(b) This coverage only applies to Covered Property that must be repaired or replaced as a direct result of an "accident" or "electronic circuitry impairment".

(c) This coverage does not apply to any Covered Property to which "actual cash value" applies.

(5) The most we will pay under this Green coverage is the applicable limit shown in the GreenPac® Enhancement Endorsement schedule. This amount includes the actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered.

f. Hazardous Substances

(1) We will pay your additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

(2) This coverage does not apply to testing, clean up or disposal of land, water or any other property that is not Covered Property.

(3) This does not include contamination of "perishable goods" by refrigerant, including, but not limited to, ammonia, which is addressed in **Refrigerant Contamination, 2.n.(2)** below.

(4) The most we will pay under this Hazardous Substances coverage is $25,000, unless otherwise shown in a "schedule". This amount includes the actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered.

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g. Mobile Robots

(1) We will pay for physical damage to Covered Property from an "accident" or "electronic circuitry impairment" when the "covered equipment" is a "mobile robot".

(2) The most we will pay under this Mobile Robots coverage is $50,000, unless otherwise shown in a "schedule". This amount includes Spoilage and Consequential Damage, Data Restoration, and the actual loss of Business Income you sustain, necessary Extra Expense you incur, if shown as covered.

h. Mold

(1) We will pay for the additional cost to repair or replace Covered Property because of contamination by mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast, resulting from an "accident or "electronic circuitry impairment". This includes the additional costs to clean up or dispose of such property. This does not include "spoilage and consequential damage" of personal property that is "perishable goods" to the extent that such "spoilage and consequential damage" is covered under Spoilage and Consequential Damage coverage.

(2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no mold, fungus, mildew, yeast, spores or toxins been involved.

(3) We will also pay the cost of testing performed after repair or replacement of the damaged Covered Property is completed only to the extent that there is a reason to believe there is the presence of mold, fungus, mildew, yeast, spores or toxins.

(4) This coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

(5) As described in **C.1.b.** below, the most we will pay under this Mold coverage is $15,000, unless otherwise shown in a "schedule". This amount includes the actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered.

i. Off Premises Equipment Breakdown

(1) We will pay for physical damage to portable "covered equipment" that, at the time of the "accident" or "electronic circuitry impairment", is not at a covered location.

(2) We will also pay for your reasonable and necessary cost to research, replace and restore lost "data" contained within portable "covered equipment" as described in **(1)** above. This amount may not exceed the limit applicable to Data Restoration coverage.

(3) With respect to this Off Premises Equipment Breakdown coverage only, the "accident" or "electronic circuitry impairment" may occur anywhere in the world except within any country on which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.

(4) The most we will pay under this Off Premises Equipment Breakdown coverage is the Property Off Premises limit shown in your policy, unless otherwise shown in a "schedule". Our payment under this coverage includes:

(a) The actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered; and

(b) Data Restoration as described in **(2)** above.

j. Public Relations

(1) This coverage only applies if you have sustained an actual loss of Business Income covered under this endorsement.

(2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:

(a) The media;

(b) The public; or

(c) Your customers, clients or members.

(3) Such costs must be incurred during the "period of restoration" or up to 30 days after the "period of restoration" has ended.

(4) The most we will pay under this Public Relations coverage is $25,000.

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k. Resultant Damage to Animals

(1) Any insurance provided under the policy to which this Equipment Breakdown Coverage endorsement is attached for “animals” is extended to the coverage provided by this endorsement.

(2) The most we will pay under this Resultant Damage to Animals coverage is $25,000, unless otherwise shown in a “schedule”. This amount includes the actual loss of Business Income and necessary Extra Expense you incur, if shown as covered.

l. Resultant Loss from a Cyber Event

Coverage is extended to an “accident” or “electronic circuitry impairment” caused by or resulting from a “cyber event” that causes direct physical damage to “covered equipment” at a covered location.

m. Service Interruption

(1) Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage and Consequential Damage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an “accident” or “electronic circuitry impairment” to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord’s utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, “cloud or outsourced computing services”, wide area networks, data transmission, elevator services or Equipment as Service. The equipment must meet the definition of “covered equipment” except that it is not Covered Property As used in this coverage, Equipment as a Service means any service that you pay for on a usage basis when the service is provided to you by equipment that is located on your premises that is neither owned, leased or operated by you.

(2) “Cloud or outsourced computing services” must be provided by a professional provider with whom you have a contract. With respect to this Service Interruption coverage only, the “accident” or “electronic circuitry impairment” to the equipment of a provider of “cloud or outsourced computing services” may occur anywhere in the world except within any country on which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.

(3) With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to “data” stored in the equipment of a provider of “cloud or outsourced computing services”.

(4) Unless otherwise shown in a "schedule", Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident” or “electronic circuitry impairment”. If the interruption exceeds 24 hours, coverage will begin at the time of the interruption and the applicable deductible will apply.

(5) The most we will pay in any “one equipment breakdown” under this Service Interruption coverage is the applicable limit for Business Income, Extra Expense, Data Restoration or Spoilage and Consequential Damage. However, if a limit is shown in a “schedule” for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

n. Spoilage and Consequential Damage

(1) We will pay for physical damage to “perishable goods” due to “spoilage and consequential damage”.

(2) Refrigerant Contamination

We will also pay for physical damage to “perishable goods” due to contamination from the release of refrigerant, including, but not limited to, ammonia. If a separate limit is indicated for Refrigerant Contamination, this amount is part of, and not in addition to, your Spoilage and Consequential Damage limit.

(3) We will also pay any necessary expenses you incur to reduce the amount of loss under this Spoilage and Consequential Damage coverage. However, we will not pay more than the amount that would otherwise have been payable under this Spoilage and Consequential Damage coverage.

(4) The most we will pay under this Spoilage and Consequential Damage coverage is $25,000, unless otherwise shown in a “schedule".

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

All exclusions in the Businessowners Coverage Form apply except as modified below and to the extent that coverage is specifically provided by this endorsement. Exclusions listed in this endorsement apply regardless of cause.

If any cyber incident exclusion is made a part of this policy, such exclusion will not apply to the extent coverage is provided in **A.2.l. Resultant Loss from a Cyber Event**.

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1. With respect to coverage under this endorsement, the following exclusions are modified:

a. The next to the last paragraph in Exclusion **B.1.h.** is deleted and replaced with the following:

However, if an excluded loss or damage, as described in Paragraph **(1)** above results in an "accident" or "electronic circuitry impairment", we will pay for the resulting loss, damage or expense caused by that "accident" or "electronic circuitry impairment".

b. The last paragraph of Exclusion **B.2.l.** is deleted and replaced with the following:

But if an excluded cause of loss that is listed in **2.l.(1)** through **(7)** results in an "accident" or "electronic circuitry impairment", we will pay for the resulting loss, damage or expense caused by that "accident" or "electronic circuitry impairment".

2. With respect to coverage under this endorsement, the following exclusions are added:

a. We will not pay for loss, damage or expense caused by any of the following causes of loss, whether directly or indirectly. This exclusion applies even if the excluded cause of loss was the result of an "accident" or "electronic circuitry impairment":

(1) Fire, including smoke from a fire.

(2) Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere.

(3) Any other explosion, except as specifically covered under this endorsement.

(4) Any earth movement. This includes, but is not limited to, earthquake, earth sinking, landslide, sinkhole collapse, subsidence, tsunami or volcanic action.

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

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the amount you actually expend to dry out such equipment, subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies. We will not pay more than the "actual cash value" of the affected electrical "covered equipment". We will not pay to replace such equipment or for any other direct or indirect loss, damage, or expense.

(6) Vandalism, meaning a malicious act that causes damage or destruction. However, this exclusion does not apply to a "cyber event" to the extent coverage is provided in **A.2.l.** (Resultant Loss from a Cyber Event coverage).

(7) Any "cyber event", except as specifically provided in **A.2.l.** (Resultant Loss from a Cyber Event coverage).

(8) Your failure to use all reasonable means to protect Covered Property from damage following an "accident" or "electronic circuitry impairment".

(9) Freeze caused by cold weather, except as specifically provided under **A.2.n** Spoilage and Consequential Damage coverage.

(10) Discharge of molten material from equipment**,** including the heat from such discharged material**.**

b. We will not pay for loss, damage or expense caused directly or indirectly by any condition or event listed in **(1)** through **(5)** below, without regard to whether such condition or event is normal and expected or unusual and unexpected. However, if a condition or event that is listed in **(1)** through **(5)** below results in an "accident" or "electronic circuitry impairment" and no other exclusion applies, we will pay only for the loss, damage or expense that is a direct result of and solely attributable to the "accident" or "electronic circuitry impairment".

(1) Any defect, error, or shortcoming in design or installation;

(2) Any undercapacity, underperformance, failure to perform as expected or failure to perform as designed;

(3) Any defect, programming error, programming limitation, loss of "data", loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind;

(4) Contamination by a "hazardous substance";

(5) Any condition, including, but not limited to, misalignment, miscalibration or tripping off-line which can be corrected by:

(a) Resetting, tightening, adjusting or cleaning;

(b) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;

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(c) Rebooting, reloading or updating software or firmware; or

(d) Providing necessary power or supply.

c. We will not pay for an "accident" or "electronic circuitry impairment" caused by or resulting from any of the following causes of loss:

(1) Lightning.

(2) Windstorm or hail. However, this exclusion does not apply when:

(a) "Covered equipment" located within a structure or building suffers an "accident" or "electronic circuitry impairment" that results from wind-blown dust, rain, sand or snow; and

(b) The structure or building did not first sustain wind or hail damage to its roof or walls through which the dust, rain, sand or snow entered.

(3) Collision or any physical contact caused by or involving a "vehicle" or "mobile robot".

(4) Smoke, riot or civil commotion, sprinkler leakage or elevator collision.

(5) Weight of snow, ice or sleet.

(6) Collapse.

(7) Falling objects. However, this exclusion does not apply to:

(a) Property located outside the walls of a structure or building; or

(b) Loss or damage to property located within a structure or building, unless a falling object first damages the roof or exterior wall of the structure or building.

(8) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.

(9) Any means, whether or not successful, intended to extinguish a fire. This includes, but is not limited to, the spraying of water.

d. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:

(1) Loss caused by your failure to use due diligence and dispatch and any and all reasonable means to resume business; or

(2) Any increase in loss resulting from an agreement between you and your customer, supplier or contractor.

e. Except as specifically provided under **A.2.h.** Mold coverage, we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment": Any mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins. However, this exclusion does not apply to "spoilage and consequential damage" of personal property that is "perishable goods", to the extent that such "spoilage and consequential damage" is covered under Spoilage and Consequential Damage coverage.

f. Except as specifically provided under **A.2.b.** Data Restoration, or **A.2.k.** Resultant Damage to Animals, we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment":

(1) Physical loss or damage to "animals";

(2) Loss, interruption or compromise of any research, test or study involving "animals"; or

(3) Loss of income or extra expense resulting from **(1)** or **(2)** above.

g. We will not pay for loss or damage to any of the following, whether or not caused by an "accident" or "electronic circuitry impairment":

(1) Catalysts or molecular sieves;

(2) Artifacts, fossils, relics, or any rare items of cultural, historical or scientific interest; or

(3) Biological samples or materials, including, but not limited to, organs, tissues or blood.

h. We will not pay for "spoilage and consequential damage" to any "perishable goods" with respect to Off Premises Equipment Breakdown coverage.

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i. With respect to Off Premises Equipment Breakdown and Service Interruption coverage provided by this endorsement, and any Dependent Properties or Civil Authority coverages provided by the policy, we will not pay for any direct or indirect loss, damage or expense caused by or resulting from a "cyber event".

j. Exclusions **2.c.(1)** through **(7)** above do not apply if:

(1) The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;

(2) Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an "accident" or "electronic circuitry impairment"; and

(3) The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.

C. EQUIPMENT BREAKDOWN LIMITS AND DEDUCTIBLES

1. EQUIPMENT BREAKDOWN LIMITS OF INSURANCE

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

a. The most we will pay for loss, damage or expense arising from any "one equipment breakdown" is the applicable Limit of Insurance in the Declarations, unless otherwise shown in a "schedule". Coverage provided under this endorsement does not provide an additional amount of insurance.

b. Loss arising from any "one equipment breakdown" may continue to be present or recur in a later policy period. This includes, but is not limited to, loss arising from mold, fungus, mildew or yeast as covered under Mold coverage. In such a case, the most we will pay for all loss, damage or expense arising out of any "one equipment breakdown" is the coverage limit at the time of the "accident" or "electronic circuitry impairment".

c. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of that loss.

2. EQUIPMENT BREAKDOWN DEDUCTIBLES

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in a "schedule". If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision **D.** Deductibles is deleted and replaced with the following:

a. Deductibles for Each Coverage

(1) Unless a "schedule" indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one equipment breakdown".

(2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in a "schedule". We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.

(3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one equipment breakdown", only the highest deductible for each coverage will apply.

b. Direct and Indirect Coverages

(1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in a "schedule".

(2) Unless more specifically indicated in a "schedule":

(a) Direct Coverages Deductibles apply to all loss, damage or expense covered by this Equipment Breakdown Coverage with the exception of Business Income and Extra Expense loss, regardless of where such Business Income and Extra Expense coverage is provided in this Equipment Breakdown Coverage; and

(b) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage.

c. Application of Deductibles

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(1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one equipment breakdown" until the amount of loss, damage or expense exceeds the applicable deductible shown in a "schedule". We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, up to the applicable Limit of Insurance.

(2) Time Deductible

If a time deductible is shown in a "schedule", we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident" or "electronic circuitry impairment". If a time deductible is expressed in days, each day will mean twenty-four consecutive hours.

(3) Multiple of Average Daily Value (ADV)

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

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" or "electronic circuitry impairment" occurred, divided by the number of working days in that period. No reduction will be made for the Business Income not being earned, or in the number of working days, because of the "accident" or "electronic circuitry impairment" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration". The number indicated in a "schedule" will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

(4) Percentage of Loss Deductibles

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

(5) Horsepower Deductibles

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

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

D. EQUIPMENT BREAKDOWN CONDITIONS

1. The following conditions are in addition to the Conditions in the Businessowners Coverage Form.

a. Jurisdictional Inspections

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

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b. Suspension

Any of our representatives may immediately suspend the insurance against loss from an "accident" or "electronic circuitry impairment" to any "covered equipment" that is found to be in a dangerous condition or exposed to a dangerous condition. They may do this by mailing or delivering a written notice of suspension to:

(1) Your address most recently known to us; or

(2) The address where the applicable "covered equipment" is located.

The only way we may reinstate insurance is by issuing an endorsement for that "covered equipment".

We will refund the premium applicable to the suspended "covered equipment", prorated for the period of suspension. However, the suspension will be effective immediately even if we have not yet offered or made a refund.

2. With respect to this endorsement only, the Loss Payment Condition **5.d.** in the Businessowners Coverage Form is deleted and replaced with the following:

d. We will determine the value of Covered Property as follows:

(1) Except as specified otherwise, our payment for damaged Covered Property will be the least expensive of:

(a) The cost to repair the damaged property;

(b) The cost to replace the damaged property on the same site; or

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

(2) The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property. This will not include costs to research or correct defects, errors or shortcomings in the design or installation of the Covered Property.

(3) Except as described in **(4)** below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.

(4) Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident" or "electronic circuitry impairment", we will pay your additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced. However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This provision does not apply to any property to which "actual cash value" applies and does not increase any of the applicable limits.

(5) Consequential Loss to Undamaged Stock

Our payment for damaged Covered Property will include compensation for undamaged stock that loses market value or requires additional expense because of the damage to the Covered Property.

(6) The following property will be valued on an "actual cash value" basis:

(a) Any property that does not serve a useful or necessary function for you;

(b) Any Covered Property that you do not repair or replace within 24 months after the date of the "accident" or "electronic circuitry impairment"; and

(c) Any Covered Property for which "actual cash value" coverage is specified in a "schedule".

(7) If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:

(a) The property was manufactured by you;

(b) The sales price of the property is less than the replacement cost of the property; or

(c) You are unable to replace the property before its anticipated sale.

(8) Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued on the following basis:

(a) For mass-produced and commercially available software, at the replacement cost.

(b) For all other "data" and "media", at the cost of blank "media" for reproducing the records. We will not pay for "data" representing financial records based on the face value of such records.

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E. EQUIPMENT BREAKDOWN DEFINITIONS

The following definitions are added with respect to this endorsement only:

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

a. Mechanical breakdown, including physical damage caused by centrifugal force. As used in this definition, Mechanical Breakdown means an occurrence involving one or more moving parts of machinery that causes such machinery to operate improperly or to cease operating.

b. Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires.

c. Explosion, other than combustion explosion, of steam boilers, steam engines, steam piping or steam turbines.

d. Sudden physical damage not otherwise excluded occurring inside:

(1) Steam boilers, steam engines, steam piping or steam turbines; or

(2) Hot water boilers or other equipment used to heat water.

e. Bursting, cracking or splitting. However, this does not include any bursting, cracking or splitting associated with an explosion, unless such explosion is an "accident" as defined in **c.** above.

2. "Actual cash value" means the replacement cost for parts, equipment or other property less Depreciation. However, the "actual cash value" will not be less than 25% of the actual replacement cost.

As used in this definition, Depreciation means the ratio of the age of the property at the time of loss to its expected useful life.

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

3. "Animal" means a creature of the kingdom Animalia. This includes, but is not limited to, amphibians, birds, fish, insects, mammals, reptiles, and worms.

4. "Boilers and vessels" means:

a. Boilers;

b. Piping, valves or fittings that:

(1) Convey steam; or

(2) Are part of a closed loop system connected to a boiler;

(3) Condensate tanks; and

(4) Fired or unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

5. "Building utilities" means "covered equipment" permanently mounted on or in a building and used to provide any of the following services with the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, central vacuum, natural gas service or communications.

"Building utilities" does not include personal property or equipment used in manufacturing or processing

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

6. "Buried vessels or piping"

a. "Buried vessels or piping" means any piping, valve, fitting, or vessel that is buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair. Such equipment will be considered "buried vessels or piping" if any substantial portion is buried or encased, whether or not the entire piece of equipment is buried or encased and whether or not the equipment is connected to other equipment that is not buried or encased.

b. None of the following are "buried vessels or piping":

(1) Any piping, valve, fitting, or vessel within a building. However, such equipment will not be considered within a building if it is partly or entirely beneath the building's foundation.

(2) Any piping, valve, fitting, or vessel within a tunnel through which people can pass and that connects two or more buildings.

(3) Any piping, valve or fitting that is part of a closed loop geothermal system.

(4) A pressure vessel used as the cylinder of a hydraulic elevator.

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

8. "Covered equipment"

a. Unless otherwise shown in a "schedule", "covered equipment" means Covered Property:

(1) That generates, transmits or utilizes energy; or

(2) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

"Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.

b. Except as specifically provided for under **A.2.m.** Service Interruption and **A.2.n.** (part of Spoilage and Consequential Damage coverage), such equipment must be owned or leased by you, or operated under your control.

c. None of the following is "covered equipment":

(1) Structures, including, but not limited to, the structural portions of buildings, towers or scaffolding.

(2) Foundations.

(3) Cabinets, compartments, conduits or ductwork.

(4) Insulating or refractory materials or glass linings.

(5) Dies, patterns or forms.

(6) "Buried vessels or piping".

(7) Waste, drainage or sewer piping.

(8) Piping, valves or fittings forming a part of a sprinkler or fire suppression system.

(9) Piping, valves or fittings used to convey water. However, the following is "covered equipment":

(a) Piping, valves or fittings that are part of a closed loop connected to a boiler or a refrigeration or air conditioning system; and

(b) Valve actuators.

(10) "Vehicles" or equipment mounted on a "vehicle".

(11) Satellites, spacecraft or any equipment mounted on a satellite or spacecraft.

(12) Draglines, excavation or construction equipment.

(13) Equipment manufactured by you for sale.

(14) Equipment of others that you modify, maintain or test as a professional service.

(15) "Data".

9. "Cyber event" means a hostile, illegal or transgressive act committed through electronic systems. This includes, but is not limited to, hacking, a denial of service attack or the deployment of malware. However, this does not include any such act committed as an act of war, whether or not officially declared.

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

11. "Electrical distribution equipment"

a. "Electrical distribution equipment" means the following "covered equipment" when used to distribute electricity to connected equipment:

(1) Electrical wires, cables, busbars and busways;

(2) Electrical connectors, breakers, fuses, switches and motor control centers;

(3) Electrical usage monitors and power quality devices; and

(4) Electrical transformers.

b. None of the following is "electrical distribution equipment": equipment that is part of or within a machine or apparatus, if such machine or apparatus is serving a function other than the distribution of electricity.

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

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12. "Electrical distribution equipment other than transformers"

a. "Electrical distribution equipment other than transformers" means the following "covered equipment" when used to distribute electricity to connected equipment:

(1) Electrical wires, cables and busbars;

(2) Electrical connectors, breakers, fuses, switches and motor control centers; and

(3) Electrical usage monitors and power quality devices.

b. None of the following is "electrical distribution equipment other than transformers":

(1) Equipment that is part of or within a machine or apparatus, if such machine or apparatus is serving a function other than the distribution of electricity; or

(2) Electrical transformers.

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

13. "Electrical generating equipment"

a. "Electrical generating equipment" means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:

(1) Boilers used primarily to provide steam for one or more turbine-generator units;

(2) Turbine-generators (including steam, gas, water or wind turbines);

(3) Engine-generators;

(4) Fuel cells or other alternative electrical generating equipment;

(5) Electrical transformers, switchgear and power lines used to convey the generated electricity; and

(6) Associated equipment necessary for the operation of any of the equipment listed in **(1)** through **(5)** above.

b. None of the following is "Electrical generating equipment":

(1) Elevator or hoist motors that generate electricity when releasing cable; or

(2) Equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

14. "Electronic circuitry impairment"

a. "Electronic circuitry impairment" means a fortuitous event involving Electronic Circuitry within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in **b.** and **c.** below.

b. We will determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment".

c. None of the following is an "electronic circuitry impairment":

(1) Any condition caused by or related to:

(a) Incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or

(b) Insufficient size, capability or capacity of the "covered equipment".

(2) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty will not be considered an observable loss of functionality.

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

15. "Excavation costs"

a. "Excavation costs" means the additional cost to repair or replace Covered Property because of the need to dig a hole, trench or tunnel. This includes the costs to dig and refill the hole, trench or tunnel. This also includes the costs to repair damage to roads, walkways, landscaping or other property caused by such excavation.

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b. "Excavation costs" include the actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered.

This term does not appear elsewhere in this endorsement**,** but may appear in a "schedule".

16. "Hazardous substance" means any substance that is dangerous or harmful to health or has been declared by a governmental agency to be dangerous or harmful to health.

17. "Media" means material on which "data" is recorded, such as flash drives, hard disks, magnetic tapes, optical disks or solid state drives.

18. "Medical equipment" means the following equipment when used for any medical specialty, including veterinary services:

a. "Medical imaging equipment";

b. Laboratory or therapeutic equipment; and

c. Any other equipment used to:

(1) Cure, diagnose, mitigate, monitor, prevent or treat disease; or

(2) Affect the structure or appearance of the body.

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

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

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

20. "Mobile robot"

a. "Mobile robot" means "covered equipment" that is:

(1) Able to move about under its own power; and

(2) Used solely within a structure or building.

b. "Mobile robot" does not mean any equipment that is

(1) Directed or steered by a human driver who is on or in such equipment;

(2) Used to transport people;

(3) Used in or under water or other liquid;

(4) Used within tanks or piping; or

(5) A drone or other airborne device.

21. "One equipment breakdown" means all "accidents" and "electronic circuitry impairments" occurring at the same time from the same event. If an "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments", all will be considered "one equipment breakdown".

22. "Perishable goods" means any Covered Property that is personal property, other than "animals", subject to deterioration or impairment as a result of a change in conditions, including, but not limited to, temperature, humidity or pressure

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

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

24. Recognized environmental standards program" means one of the following:

a. The United States Environmental Protection Agency ENERGY STAR® program;

b. The U.S. Green Building Council LEED® program;

c. The Green Building Initiative GREEN GLOBES® program; or

d. Any nationally or internationally recognized environmental standards program designed to achieve energy savings and related objectives of the type included in the programs listed above.

25. "Schedule" means the Equipment Breakdown Coverage Schedule.

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26. "Spoilage and consequential damage" means any detrimental change in physical state. This includes, but is not limited to, thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid or molten material and chemical reactions to material in process.

27. "Vehicle"

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

b. None of the following is a "vehicle":

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

(2) Any "mobile robot".

PART II — AlertASSIST™ EQUIPMENT ALERT RESPONSE COVERAGE

The following coverage is added, subject to the terms of this Equipment Breakdown Coverage endorsement and the terms of your policy.

A. AlertASSIST™ EQUIPMENT ALERT RESPONSE COVERAGE

1. Coverage under this AlertAssist™ Equipment Alert Response Coverage applies only if:

a. Your "covered equipment" triggers an "alert";

b. Within 30 days of first receiving the "alert", a "troubleshooting analysis" is performed on the "covered equipment"; and

c. Within 180 days of first receiving the "alert", you submit to us documentation of the "alert" and the "alert response costs" you have incurred as a direct result of the "alert".

2. If the conditions listed in **1.** above have been met, we will pay 50% of your "alert response costs".

3. There is no coverage under this endorsement if the "alert" arose from an "accident" or "electronic circuitry impairment". In such case, coverage for the "accident" or "electronic circuitry impairment" will apply as normal under the Equipment Breakdown Coverage in **PART I** of this endorsement.

B. ADDITIONAL EXCLUSIONS

We will not pay for any excluded loss, damage or expense, even though any other cause or event concurrently or in any sequence contributes to the loss, damage or expense. Coverage under this AlertAssist™ Equipment Alert Response Coverage is subject to the exclusions in the policy and also the following additional exclusions:

Extra Expense, loss of Business Income, "spoilage and consequential damage" or any other loss, damage or expense other than "alert response costs".

1. Labor costs of your employees.

2. Maintenance costs, except as specifically described in paragraph b. of the definition of "preemptive repairs".

3. Costs to troubleshoot, service or replace "covered equipment" that has not triggered an "alert", even if such equipment is similar to "covered equipment" that has triggered an "alert" or has been the subject of an advisory such as a recall, technical bulletin or manufacturer's recommendation.

4. Additional costs to increase the size, capability or capacity of the "covered equipment".

C. LIMIT

The most we will pay for all "alert response costs" arising from any "one alert" under this coverage is $10,000. This limit is part of, and not in addition to, the Equipment Breakdown Limit.

The most we will pay for all "alert response costs" arising from all "alerts" under this coverage that occur during any one policy period is $25,000.

D. MINIMUM CLAIM AMOUNT

The minimum amount of loss for which a claim may be submitted under this endorsement is $500. The Alert Response Minimum Claim applies with respect to the share of your "alert response costs" that would be covered in accordance with Section **A.** above.

E. DEDUCTIBLE

No deductible applies to this coverage.

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F. DATA

In the event of a potential covered loss event, you agree to provide us ready access to all available physical and electronic evidence relating to the potential covered loss event. This includes, but is not limited to, electronic records of the "alert" and readings from the "electronic machine health monitoring system" prior to and following the "alert".

G. ADDITIONAL DEFINITIONS

1. "Alert"

a. "Alert" means an alarm, fault code, machine score or other signal generated by an "electronic machine health monitoring system" that indicates a sudden and unexpected increase in the risk that the monitored "covered equipment" will suffer a mechanical or electrical failure.

b. "Alert" does not mean any alarm, fault code, machine score or other signal:

(1) Triggered in the course of normal and gradual equipment deterioration;

(2) Based solely on the time or usage since previous maintenance; or

(3) With respect to "covered equipment" that is being used in an application that it was not designed for.

2. "Alert response costs" means the reasonable and necessary costs for "troubleshooting analysis" and "preemptive repairs" incurred with respect to the "covered equipment" that triggered the "alert".

3. "Electronic machine health monitoring system" means an electronic system that monitors "covered equipment" as follows:

a. The system uses one or more sensors to collect data on one or more critical parameters of the equipment's operating condition, such as temperature, pressure or vibration;

b. The system collects data from the sensors continuously or at intervals no longer than one hour;

c. The system analyzes the data using logic, algorithms or machine learning to determine when to generate an "alert"; and

d. The system was either:

(1) Installed by the manufacturer of the "covered equipment"; or

(2) Operational and in service monitoring the "covered equipment" for at least 45 days prior to the "alert".

e. "Electronic machine health monitoring system" only means a system that directly monitors "covered equipment". It does not, for example, mean a system that monitors the temperature of an enclosure or the characteristics of finished products, even if such temperature or characteristics depend on the functioning of "covered equipment".

4. "One alert" means all "alerts" generated with respect to the same piece of "covered equipment" until the "covered equipment" has been serviced and successfully returned to operation without triggering a subsequent "alert" for at least 14 days.

5. "Preemptive repairs" means the following with respect to the "covered equipment" that triggered the "alert":

a. The cost to improve the condition of the "covered equipment" so that it can operate without triggering an "alert".

b. The cost to perform normal maintenance due within six months, if there is a cost or logistical advantage to having such work performed at the same time as the costs covered under a. above.

c. Only if it is less than the cost of a. above, "preemptive repairs" means the reasonable and necessary costs for replacement equipment that will serve the same purpose as the "covered equipment".

6. "Troubleshooting analysis" means the following when performed by an appropriately trained technician:

a. Examination and assessment of the health of the "covered equipment";

b. Review of the "alert" and determination of the probable reason for the "alert"; and

c. Explanation of options regarding "preemptive repairs".

ALL OTHER PROVISIONS OF THIS POLICY APPLY.

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HIRED AUTO AND NON-OWNED LIABILITY

POLICY NUMBER: BUSINESSOWNERS
BP 71 44 04 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Coverage	**Additional Premium**
Hired Auto Liability	
Non-Owned Auto Liability	

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

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

1. HIRED AUTO LIABILITY

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

2. NON-OWNED AUTO LIABILITY

The insurance provided under Paragraph **A.1. Business Liability** in **SECTION II — LIABILITY** applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person other than you.

B. For insurance provided by this endorsement only:

1. The exclusions, under the Paragraph **B.1. Applicable to Business Liability Coverage** in **SECTION II — LIABILITY,** other than exclusions **a., b., d., f.** and **i.** and the Nuclear Energy Liability Exclusion, are deleted and replaced by the following:

a. "Bodily injury" to:

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

(a) Employment by the insured; or

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

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

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

(1) Liability assumed by the insured under an "insured contract"; or

(2) "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers' compensation law.

b. "Property damage" to:

(1) Property owned or being transported by, or rented or loaned to the insured; or

(2) Property in the care, custody or control of the insured.

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2. Paragraph **C. Who Is An Insured** in **SECTION II — LIABILITY** is replaced by the following:

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

a. You;

b. Any other person using a "hired auto" with your permission;

c. For a "non-owned auto":

(1) Any partner or "executive officer" of yours; or

(2) Any "employee" of yours;

but only while such "non-owned auto" is being used in your business; and

d. Any other person or organization, but only for their liability because of acts or omissions of an insured under **a., b.** or **c.** above.

2. None of the following is an insured:

a. Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;

b. Your "employee", any partner or "executive officer" for any "auto" owned by such employee, partner or "executive officer" or a member of his or her household;

c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;

d. The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner or lessee;

e. Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

C. For the purposes of this endorsement only, Paragraph **H. Other Insurance** in **SECTION III — COMMON POLICY CONDITIONS** is replaced by the following:

1. This insurance is excess over any primary insurance covering the "hired auto" or "non-owned auto".

2. When this insurance and any other insurance covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our insurance bears to the total of the limits of all insurance covering on the same basis.

D. TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us apply to the same accident, the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

E. The following additional definitions apply:

1. "Auto Business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".

2. "Hired Auto" means those "autos" you lease, hire, rent or borrow. This does not include "autos" you lease, hire, rent or borrow from any of your "employees", your partners or your "executive officers", or members of their household. This does not include:

a. Any "auto" you lease, hire or rent under a lease or rental agreement for a period of 180 days or more; or

b. Any "auto" you lease, hire, rent or borrow from any of your "employees", partners "executive officer" or members of their households.

3. "Non-Owned Auto" means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business. This includes "autos" owned by your "employees", partners or your "executive officers", or members of their households but only while used in your business or your personal affairs.

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FINE ARTS ENDORSEMENT

BUSINESSOWNERS
BP 72 27 09 18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

This coverage is subject to the provisions applicable to:

1. **SECTION I — PROPERTY** of the Businessowners Coverage Form; and
2. The applicable property enhancement endorsement attached to this policy,

except as provided below:

The following provisions apply only to the coverage provided by this endorsement.

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A. COVERAGE

We will pay for direct physical loss or damage to Covered Property caused by or resulting from any of the Covered Causes of Loss.

1. COVERED PROPERTY

"Fine arts" which are:

a. Owned by you; or

b. Owned by others, and in your care, custody and control;

c. Located at the described premises, or in transit to and from the described premises; or

d. Temporarily located:

(1) On exhibit in a premises not owned or operated by you;

(2) In the premises of your customer while on approval awaiting their decision to purchase; or

(3) In a premises not owned or operated by you for framing, renovating, packing or appraising.

2. PROPERTY NOT COVERED

Covered Property does not include:

a. Property on exhibition at fairgrounds or on the premises of any national or international exhibition;

b. Contraband; or

c. Property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS to Covered Property except those causes of loss listed in the Exclusions.

4. LIMITATION

Art glass windows, glassware, statuary, marbles, bric-a-brac, porcelains and other articles of fragile or brittle nature are covered against loss by breakage only if loss or damage is caused by "specified causes of loss".

B. EXCLUSIONS

1. Section **B., Exclusions** of the Businessowners Coverage Form **SECTION I — PROPERTY,** does not apply to this coverage, except for:

a. Governmental Action;

b. Nuclear Hazard; and

c. War and Military Action.

2. Additional Exclusions

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

a. Delay, loss of use, loss of market or any other consequential loss.

b. Dishonest acts by:

(1) You, your employees or authorized representatives;

(2) Anyone else with an interest in the property, or their employees or authorized representatives; or

(3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire.

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

d. Unauthorized instructions to transfer property to any person or to any place.

e. Any repairing, restoration or retouching of the Covered Property.

f. Theft from any unattended vehicle unless at the time of theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.

But this exclusion does not apply to property in the custody of a carrier for hire.

g. Unexplained disappearance.

3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage:

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

b. Wear and tear, depreciation or obsolescence;

c. Rust, corrosion, fungus, decay, deterioration, hidden or latent defect, or any quality in the property that causes it to damage or destroy itself;

d. Insects, birds, rodents or other animals.

C. LIMIT OF INSURANCE

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

The most we will pay for Covered Property under this endorsement is $5,000 for any one item of "fine arts".

The most we will pay for loss or damage to Covered Property in any one occurrence is the Limit of Insurance shown in the Schedule.

The most we will pay for Covered Property in transit is 10% of the Limit of Insurance shown in the Schedule.

D. LOSS PAYMENT

Section **E.5. Loss Payment** is deleted and replaced by the following:

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

1. At our option, we will pay the least of the following amounts:

a. The cost of reasonably restoring Covered Property to its condition immediately before the loss or damage;

b. The cost of replacing Covered Property with substantially identical property; or

c. Market value of Covered Property at the time of loss or damage.

2. In case of total loss to an item of Covered Property which is part of a pair or set, we agree to pay you the full amount of the pair or set as shown in the Schedule and you agree to surrender the remaining item(s) of the pair or set to us.

3. You agree that Covered Property will be packed and unpacked by competent packers.

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

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

6. Our payment for loss of or damage to Covered Property of others will only be for the account of the owners of the Covered Property. We may adjust losses with the owners of lost or damaged Covered 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.

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

E. DEFINITIONS

The following definitions are added:

1. "Antique" means an object having value because its:

a. Craftsmanship is in the style or fashion of former times; and

b. Age is 100 years old or older.

2. "Fine arts" means paintings, etchings, pictures, tapestries, rare or art glass, art glass windows, valuable rugs, rare books and manuscripts, statuary, sculptures, "antique" furniture, "antique" jewelry, porcelains, bric-a-brac, and similar property of rarity, historical value or artistic merit.

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BUSINESSOWNERS PROPERTY ENHANCEMENT ENDORSEMENT

BUSINESSOWNERS
BP 72 46 11 23

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SECTION I — PROPERTY of the Businessowners Coverage Form is amended as shown below.

1. All references to 100 feet are changed to 1,000 feet.

2. If we or any of our affiliates issue other insurance to you and more than one limit of insurance applies to loss or damage sustained by you, the following limitations will apply:

a. Your recovery under all such insurance will not exceed the actual amount of loss or damage sustained; and

b. The insurance provided by this endorsement applies in excess of and, except as to premium, limits and notice, follows the terms, conditions, limitations and exclusions of other applicable insurance issued to you by us or any of our affiliates.

3. With respect to coverage provided by this endorsement, the provisions of the Businessowners Coverage Form apply unless modified by this endorsement.

1. Paragraph **1.a.(5)** does not apply and is replaced by the following:

(5) Personal property owned by you, or for which you are liable, that is used to maintain or service the buildings or structures or the premises, including:

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings, draperies and shades;

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

(e) Personal property located within common areas of buildings owned by you. This includes but is not limited to furnishings and fixtures in lobbies, public hallways, stairs and corridors;

(f) Lawn maintenance and snow removal equipment;

(g) Alarm systems;

2. The following is added to Paragraph **1.a. Buildings:**

(7) Indoor swimming pools which are an integral part of the buildings.

(8) Office contents owned by you as the building owner that is used to maintain or service the buildings or structures.

3. Paragraph **1.b.(2) Business Personal Property** does not apply and is replaced by the following:

(2) Property of others that is in your care, custody or control, but this property is not covered for more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others. Property of others does not include Personal Property of Employees;

4. Paragraph **1.b.(3) Business Personal Property** does not apply and is replaced by the following:

(3) Tenant's improvements and betterments unless a separate tenant's improvements and betterments limit is shown in the Declarations for a described premises. 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;

5. Paragraph **1.b.(5) Business Personal Property** does not apply and is replaced by the following:

(5) Exterior and interior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

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6. The following is added to **1.b. Business Personal Property:**

(6) Exterior awnings or related exterior coverings attached to the building, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The exterior awning or related exterior covering attached to the building must be owned by you or in your care, custody or control.

B. Paragraph **A.2. Property Not Covered** is amended as follows:

1. Paragraphs **2.b., 2.e.** and **2.i.** do not apply and are replaced by the following:

b. "Money" or "securities";

e. Outdoor fences, radio and television receiving equipment, including its lead-in wiring, masts or towers, signs, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Outdoor Property and Trees, Shrubs and Plants Coverage Extensions;

i. "Electronic data", except as provided under the Electronic Information Systems coverage included in the Blanket Additional Coverage. This Paragraph **i.** does not apply to your "stock" of prepackaged software.

C. Paragraph **A.4. Limitations** is amended as follows:

1. Paragraph **4.a.(3)** does not apply and is replaced by the following:

(3) 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.

2. Paragraph **4.c.** does not apply and is replaced by the following:

c. For loss or damage by theft, the following types of property are covered only up to the limits shown:

(1) For furs, fur garments and garments trimmed with fur, the limit shown in the Schedule.

(2) For jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals, the limit shown in the Schedule. This limit does not apply to jewelry or watches worth $100 or less per item.

(3) For patterns, dies, molds and forms, the limit shown in the Schedule.

D. Paragraph **A.5. Additional Coverages** does not apply and is replaced by the following:

Unless otherwise stated in this Endorsement or in a specific Additional Coverage, Additional Coverages:

1. Apply to each described premises on a per occurrence basis;

2. Are subject to the Deductible provision of this Endorsement; and

3. Are stand-alone Additional Coverages that do not:

a. Impact the coverage scope or limits applicable to any Covered Property, Business Personal Property, Personal Property of Others, Business Income and Extra Expense or any other Additional Coverage; or

b. Otherwise modify this policy's coverage scope or limits.

Business Income

1. Direct Damage

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises includes the area within 1,000 feet of the site at which the described premises are located.

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

a. The portion of the building which you rent, lease or occupy;

b. The area within 1,000 feet of the building or within 1,000 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and

c. Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

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If the Schedule shows for Business Income:

a. Actual Loss Sustained, then we will pay the actual loss of Business Income that occurs within 12 consecutive months following the date of direct physical loss or damage unless optional coverage for 18 or 24 consecutive months is shown in the Schedule; or

b. A maximum dollar limit, then we will pay for loss of Business Income that occurs within 12 consecutive months following the date of direct physical loss or damage, unless optional coverage for 18 or 24 consecutive months is shown in the Schedule, subject to the Limit of Insurance shown in the Schedule.

2. Extended Period of Indemnity

If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

a. Begins on the date property except finished "stock" is actually repaired, rebuilt or replaced and "operations" are resumed; and

b. Ends on the earlier of:

(1) The date you could restore your "operations" with reasonable speed to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage occurred;

(2) The number of consecutive days shown in the Schedule after the date determined in **(1)** above unless a greater number of consecutive days is shown in the Schedule.

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

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from a Covered Cause of Loss.

3. Civil Authority

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

a. Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage and the described premises are within that area but are not more than five miles from the damaged property; and

b. The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

For Business Income, this Additional Coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises, unless one of the optional waiting period endorsements is attached to this policy and will apply for a period of up to 30 consecutive days from the date on which such coverage begins.

For Extra Expense, this Additional Coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

a. Four consecutive weeks after the date of that action; or

b. When your Civil Authority Coverage for Business Income ends;

whichever is later.

4. Dependent Properties

We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property or secondary dependent property caused by or resulting from a Covered Cause of Loss.

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Dependent property means property owned or operated by others you depend on to:

a. Deliver materials or services to you or to others for your account (Contributing Locations). But services does not mean water supply services, wastewater removal services, communication supply services or power supply services;

b. Accept your products or services (Recipient Locations);

c. Manufacture your products for delivery to your customers under contract of sale (Manufacturing Locations); or

d. Attract customers to your business (Leader Locations).

Secondary dependent property means an entity which is not owned or operated by a dependent property and which:

a. Delivers materials or services to a dependent property, which in turn are used by the dependent property in providing materials or services to you; or

b. Accepts materials or services from a dependent property, which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a secondary dependent property.

Any property which delivers any of the following services is not a secondary dependent property with respect to such services:

(1) Water supply services;

(2) Wastewater removal services;

(3) Communication supply services; or

(4) Power supply services.

The dependent property or secondary dependent property must be located in the coverage territory of this policy.

This Additional Coverage does not apply:

a. To loss of Business Income you sustain due to physical loss or damage at the premises of dependent or secondary dependent properties for which you have more specific insurance either under this policy or another.

b. When the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

c. To loss of Business Income you sustain due to physical loss or damage at dependent or secondary dependent properties located outside this policy's coverage territory.

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:

a. Source of materials or services; or

b. Outlet for your products or services

If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

The expiration date of this policy will not reduce the Dependent Properties Business Income coverage period.

The most we will pay under this Additional Coverage is the limit shown in the Schedule.

5. Food Contamination Shutdown

If your business at a described location is ordered closed by the Board of Health or any other governmental authority as a result of the discovery of, or suspicion of, "food contamination" we will pay:

a. The loss of Business Income you sustain due to the necessary suspension of your "operations";

b. Your expense to clean your equipment as required by the Board of Health or any other governmental authority;

c. Your costs to replace consumable goods suspected to be contaminated;

d. Reimbursement to infected customers for doctor's care, hospitalization and necessary medical tests or vaccinations; and

e. Your expense to provide necessary medical tests and vaccinations for your employees (including temporary or leased employees) who are potentially infected by the "food contamination". This coverage is primary to any other insurance coverage. However, we will not pay for any expense that is otherwise covered under a Workers' Compensation policy.

In addition to the Food Contamination coverage outlined above, we will also pay additional advertising expenses you incur to restore your reputation.

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We will not pay for loss caused directly or indirectly due to fines or penalties of any kind. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This Additional Coverage also does not apply to any "food contamination" arising out of, or directly or indirectly related to an epidemic, a pandemic or any other wide-spread outbreak of communicable disease. For purposes of this Additional Coverage, an epidemic means an outbreak of communicable disease that simultaneously affects persons over a localized geographic area. A pandemic means an outbreak of communicable disease that typically affects a significant portion of the population over a wide geographic area, such as a country, multiple countries or multiple continents.

In the event of a loss you must:

a. Give us prompt notice of the suspension declaration;

b. Notify any public authority that may have jurisdiction over the incident; and

c. As soon as possible, give us a description of how, when and where the "food contamination" was first discovered.

"Food contamination" means an outbreak of food poisoning or food-related illness of one or more persons arising out of:

a. Tainted food you distributed or purchased except where such food has been contaminated by virus or bacteria and results in the outbreak of food poisoning or food-related illness at more than one location, regardless of whether the other location(s) is owned or operated by you, or in any way related to your business "operations"; or

b. Food which has been improperly processed, stored, handled or prepared in the course of your business "operations".

The most we will pay for:

a. Food Contamination is the limit shown in the Schedule; and

b. Additional Advertising Expense is $5,000 unless a different limit shown in the Schedule.

6. Newly Acquired Premises

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the newly acquired premises. The loss or damage must be caused by or result from a Covered Cause of Loss at any premises you newly acquire by purchase or lease, other than fairs, trade shows or exhibits.

The most we will pay under this Additional Coverage is the limit shown in the Schedule for each newly acquired premise.

Insurance under this Additional Coverage will end when any of the following first occurs:

a. This policy expires;

b. The number of days shown in the Schedule after you acquire the premises;

c. You report the premises to us.

7. Off Premises Utility Services - Time Element

We will pay for the actual loss of Business Income or Extra Expense at a described premises caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following types of property not located on the described premises:

a. Water Supply Property, meaning the following types of property supplying water to the described premises:

(1) Pumping stations; and

(2) Water mains.

b. Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the described premises, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving the effluent to a holding, treatment or disposal facility, and includes such facilities.

Coverage under this Additional Coverage does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

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c. Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

(1) Communication transmission lines, including optic fiber transmission lines;

(2) Coaxial cables; and

(3) Microwave radio relays except satellites.

d. Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:

(1) Utility generating plants;

(2) Switching stations;

(3) Substations;

(4) Transformers; and

(5) Transmission lines.

As used in this Additional Coverage, the term transmission lines includes all lines which serve to transmit communication service or power including lines which may be identified as distribution lines.

We will pay the actual loss sustained from the initial time of service(s) failure at the described premises but only when the service interruption at the described premises exceeds 24 hours immediately following the direct physical loss or damage. Coverage does not apply to any reduction of income after service has been restored to your premises.

The most we will pay for loss or damage in any one occurrence under this Additional Coverage is the limit shown in the Schedule.

8. Interruption of Computer Operations

a. Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.

b. With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

(1) Coverage under this Additional Coverage - Interruption Of Computer Operations is limited to the "specified causes of loss" and Collapse.

(2) If the Businessowners Coverage 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.

(3) The Covered Causes of Loss include a computer 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 an interruption related to 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.

c. The most we will pay under this Additional Coverage - Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is $10,000 unless a higher Limit of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

d. This Additional Coverage - Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in **c.** above has not been exhausted.

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e. Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs **a.** through **d.** of this Additional Coverage.

f. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs **a.** through **d.** of this Additional Coverage.

9. Web Sites

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" caused by direct physical loss or damage by a Covered Cause of Loss to:

a. Your business "computer" hosting your business web site at a described location; or

b. Your business web site operation at the premises of a vendor acting as your service provider.

The most we will pay for loss under this Additional Coverage is the lesser of:

a. The loss you sustain during the 7-day period immediately following the first 12 hours after the suspension of your website operations; or

b. The limit shown in the Schedule.

10. Contractual Penalties

You may extend your Business Income coverage to apply to contractual penalties you are legally liable to pay under a written contract between you and your customers. This Additional Coverage only applies if the penalties:

a. Result from your failure to timely deliver your product according to contract terms;

b. Result from direct physical loss or damage by a Covered Cause of Loss; and

c. Have been paid to your customer.

The most we will pay under this Additional Coverage is the limit shown in the Schedule.

11. Unnamed Premises - Business Income

We will pay for:

a. The loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and

b. The reasonable and necessary Extra Expense you incur during the "period of restoration";

as a result of direct physical loss or damage to property at "unnamed premises" caused by or resulting from a Covered Cause of Loss.

For this Additional Coverage, "unnamed premises" means locations:

a. Owned, leased or operated by you; or

b. Not owned, leased or operated by you,

where Your Business Personal Property or Personal Property of Others in your care, custody or control is located that are within the Coverage Territory and not described in the Declarations.

This Additional Coverage does not apply to loss of Business Income caused by or resulting from loss or damage to property:

a. At the premise of a dependent property;

b. At any location to which the Newly Acquired Premises Additional Coverage applies;

c. At any vendor location to which the Web Sites Additional Coverage applies; or

d. In transit.

The most we will pay for loss under this Additional Coverage is the limit shown in the Schedule.

12. Pollutant Clean-Up And Removal

We will pay for the loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by the discharge, dispersal, seepage, migration, release or escape of "pollutants" to land or water at the described premises. Such discharge, dispersal, seepage, migration, release or escape must be caused by or result from a Covered Cause of Loss that occurs during the policy period.

The most we will pay under this Additional Coverage is the limit shown in the Schedule.

13. Auto Physical Damage Business Income

We will pay for the loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration." The "suspension" must be caused by direct physical loss or damage to a "covered motor vehicle". The loss or damage must be caused by or result from a Covered Cause of Loss.

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"Covered motor vehicle" means a vehicle:

a. Owned by you; or

b. Leased to you for a period greater than 6 months; and

c. Insured by us or any of our affiliates under an Automobile or Garage Coverage Part:

(1) Covered for direct physical loss or damage; and

(2) Maintains rental reimbursement coverage; and

d. Used to transport your business personal property.

For this Additional Coverage only:

a. "Operations" also means your business activities involving the use of a "covered motor vehicle".

b. "Period of restoration" applies to the "covered motor vehicle" rather than the described premises.

Payment for Extra Expense does not apply under this Additional Coverage.

This Additional Coverage does not apply to "private passenger type vehicles".

"Private passenger type vehicle" means a four-wheel auto of the private passenger or station wagon type.

The most we will pay under this Additional Coverage is the limit shown in the Schedule.

The following applies to all Business Income Additional Coverages:

1. Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and

b. Continuing normal operating expenses incurred, including payroll.

2. Suspension means:

a. The partial slowdown or complete cessation of your business activities; and

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income applies.

3. When Business Income is written on an Actual Loss Sustained basis, all Business Income Additional Coverages are in addition to the Limit of Insurance shown in the Declarations.

When Business Income is written with a maximum dollar limit, then Business Income - Direct Damage, Extended Business Income and Civil Authority are subject to the Limit of Insurance shown in the Declarations.

Extra Expense

1. We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

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

a. The portion of the building which you rent, lease or occupy;

b. The area within 1,000 feet of the building or within 1,000 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and

c. Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense means expense incurred:

a. To avoid or minimize the suspension of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or at temporary location, including relocation expenses, and costs to equip and operate the replacement or temporary locations.

b. To minimize the suspension of business if you cannot continue "operations".

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c. To:

(1) Repair or replace any property; or

(2) Research, replace or restore the lost information on damaged "valuable papers and records"

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or the Business Income Additional Coverage.

3. With respect to the coverage provided in this Additional Coverage, suspension means:

a. The partial slowdown or complete cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income applies.

4. We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage unless optional coverage for 18 or 24 consecutive months is shown in the Schedule. This Additional Coverage is not subject to the Limits of Insurance of **SECTION I — PROPERTY.**

Brands and Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, you shall:

1. Stamp the word "Salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or

2. Remove the brands and labels, if doing so will not physically damage the merchandise or its containers.

You must relabel the merchandise or its containers to comply with the law.

We will pay reasonable costs you incur to perform the activity described in **1.** or **2.** above.

This Additional Coverage is included within the Business Personal Property Limit of Insurance shown in the Declarations.

Collapse

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

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 policy or that contains Covered Property insured under this policy, 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 Paragraph **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. Awnings;

b. Gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Piers, wharves and docks;

f. Beach or diving platforms or appurtenances;

g. Retaining walls; and

h. Walks, roadways and other paved surfaces,

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

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 Paragraphs **2.a.** through **2.d.** of this Additional Coverage; and

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

c. The property which collapses is not of a kind listed in Paragraph **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 policy.

8. As used in this Additional Coverage, the term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in Paragraphs **1.** through **7.** above.

Consequential Loss

If a Covered Cause of Loss occurs to covered "stock", we will pay any reduction in value of the remaining undamaged parts of damaged "stock".

This Additional Coverage is included within the Business Personal Property Limit of Insurance shown in the Declarations.

Debris Removal

We will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the Policy Period.

This Additional Coverage does not apply to costs to:

1. Extract "pollutants" from land or water; or

2. Remove, restore, or replace polluted land or water.

If the sum of direct physical loss or damage and debris removal expense exceeds the applicable Limit of Insurance we will pay up to an additional 10% of this Limit of Insurance for each location under the Debris Removal Additional Coverage or $25,000 whichever is greater, unless a higher percentage/limit is shown in the Schedule.

Limited Coverage For "Fungi", Wet Rot Or Dry Rot

1. The coverage described in Paragraphs **2.** and **6.** below only applies when the "fungi", wet rot or dry rot are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

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

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

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

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

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3. The coverage described under 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) which take place in a 12 month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than the total of $15,000 even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

   If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
5. The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverage.
6. The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage.
   a. If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
   b. If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot 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.

Ordinance or Law Coverage

You may extend the insurance provided by this Coverage Form to apply to Ordinance or Law.

This Additional Coverage is subject to the provisions of the Ordinance Or Law Endorsement **BP 72 67** attached to this policy.

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 for each location under this Additional coverage is the limit shown in the Schedule for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

Preservation of Property

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

1. While it is being moved or while temporarily stored at another location; and
2. Only if the loss or damage occurs within the number of days shown in the Schedule after the property is first moved.

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Tenant Additional Rental Expense

If your lease is cancelled by the lessor in accordance with a valid lease provision due to direct physical loss or damage caused by or resulting from a Covered Cause of Loss to property at the location in which you are a tenant, we will pay for additional rental expense incurred by you for a period of up to 365 days up to the limit shown in the Schedule.

Additional rental expense means the difference between the monthly rent you were paying prior to the loss and the monthly rent you are paying at your new replacement location. If the area being occupied at the new location is greater than that at the old location, the additional rental expense to be paid will be pro-rated.

The most we will pay for loss under this Additional Coverage is the limit shown in the Schedule.

Tenant Lease Assessment

We will extend your Business Personal Property to apply to your share of any assessment charged to all tenants by the building owner as a result of direct physical loss or damage caused by or resulting from a Covered Cause of Loss to building property you occupy as agreed to in your written lease agreement.

The most we will pay for loss under this Additional Coverage is the limit shown in the Schedule.

Tenant Leasehold Improvements

If your lease is cancelled in accordance with a valid lease provision due to direct physical loss or damage caused by or resulting from a Covered Cause of Loss to property at the location in which you are a tenant, and you cannot legally remove tenant's improvements and betterments, we will extend Business Personal Property coverage or if written under a separate limit of insurance your Tenant's Improvements and Betterments coverage to apply to the unamortized value of tenant's improvements and betterments that remain and that you were forced to abandon.

The most we will pay for loss under this Additional Coverage is the limit shown in the Schedule.

This Additional Coverage is included within the Business Personal Property or if written separately, the Tenant's Improvements and Betterments Limit of Insurance shown in the Declarations.

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 occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

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

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

2. Is directly caused by freezing.

E. Paragraph **A.6. Coverage Extensions** does not apply and is replaced by the following:

Coverage Extensions

In addition to the Limits of Insurance of **SECTION I — PROPERTY,** you may extend the insurance provided by this policy as provided below.

Except as otherwise provided, the following Coverage Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

Unless otherwise stated in this Endorsement or in a specific Coverage Extension, Coverage Extensions:

1. Are in addition to the Building and Business Personal Property Limits of Insurance shown in the Declarations;

2. Apply to each described premises on a per occurrence basis;

3. Are subject to the Deductible provision of this Endorsement; and

4. Are stand-alone Coverage Extensions that do not:

a. Impact the coverage scope or limits applicable to any Covered Property, Business Personal Property, Personal Property of Others or any other Coverage Extension; or

b. Otherwise modify this policy's coverage scope or limits.

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Additional Costs

You may extend the insurance provided by this Coverage Form to pay for Additional Costs as a result of direct physical loss or damage to buildings at described premises caused by or resulting from a Covered Cause of Loss.

1. Additional Costs mean only the following necessary additional expenses you have paid over and above the estimated completed cost of any building or structure covered by this Coverage Extension:

a. Additional real estate broker fees or commission;

b. Additional architect, engineering and consulting fees other than fees and costs billed by and payable to independent or public adjusters or any of their affiliated entities;

c. Additional legal or accounting fees; and

d. Additional advertising and promotional expenses.

2. This Coverage Extension does not apply to:

a. Claim Expenses; or

b. Ordinance Or Law.

3. We will pay any covered loss of Additional Costs only for that period of time that:

a. Begins on the date of the Covered Cause of Loss; and

b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

The most we will pay under this Coverage Extension is the limit shown in the Schedule.

Appurtenant Structures

1. When there is Building Limit of Insurance shown in the Declarations at the described premises, you may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to incidental appurtenant structures within 1,000 feet of the described premises, caused by or resulting from a Covered Cause of Loss.

2. When there is a Business Personal Property Limit of Insurance shown in the Declarations at the described premises, you may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to Business Personal Property within incidental appurtenant structures within 1,000 feet of the described premises, caused by or resulting from a Covered Cause of Loss.

3. Incidental appurtenant structures include storage buildings, carports, garages and similar structures which have not been specifically described in the Declarations.

The most we will pay for loss or damage under this Coverage Extension for any combination of loss or damage to Building and Business Personal Property is the limit shown in the Schedule.

Arson, Theft and Vandalism Rewards

(This provision does not apply in New York)

We will pay for rewards given to any person or persons other than you; your officers; your partners or "members"; your "managers"; your employees; or public police, or fire officials for information leading to a conviction in connection with:

1. A fire loss to the described premises caused by arson;

2. An actual or attempted theft of "money", "securities", or Covered Property; or

3. A vandalism loss to the described premises.

The most we will pay under this Coverage Extension is the limit shown in the Schedule, or the amount of the claim, whichever is less. This is the most we will pay regardless of the number of persons who provided information.

Back-Up Of Sewers And Drains

You may extend the insurance provided by this Coverage Form to pay for direct loss or damage caused by:

1. Water or waterborne material which backs up through or overflows or is otherwise discharged from a sewer or drain; or

2. Water or waterborne material which overflows or is otherwise discharged from a sump, sump pump or related equipment, even if the overflow or discharge results from mechanical breakdown of a sump pump or its related equipment.

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

This Coverage Extension does not apply to loss or damage resulting from:

1. Your failure to keep a sump pump or its related equipment in proper working condition; or

2. Your failure to perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

The most we will pay for loss or damage to any combination of Covered Property, Business Income and Extra Expense under this Coverage Extension is the limit shown in the schedule.

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This Coverage Extension is not flood insurance. We will not pay for direct physical loss or damage from water that backs up or overflows from a sewer, drain or sump pump caused by any flood whether or not the flood contributes concurrently or in any sequence to the loss. Flood includes the accumulation of surface water, waves, tides, tidal waves, overflow of streams or other bodies of water, or their spray, all whether driven by wind or not that enters the sewer or drain system.

Blanket Additional Coverage

You may extend the insurance provided by this Coverage Form to apply to a Blanket Additional Coverage Limit of Insurance, which applies at each described premises to the sum of all covered losses under the coverages described below. You may allocate this limit among the coverages as you desire.

The most we will pay for loss or damage to any combination of Covered Property, Business Income and Extra Expense under the Blanket Additional Coverage is the limit shown in the Schedule.

The Blanket Additional Coverage consists of the following coverages:

1. **Accounts Receivable**

   Within the Blanket Additional Coverage Limit of Insurance, we will pay for direct physical loss or damage to your records of "accounts receivable" at the described premises caused by or resulting from a Covered Cause of Loss.

   For "accounts receivable" not at the described premises, the most we will pay is up to the limit shown in the Schedule unless you give us written notice within 10 days after removal of your records of "accounts receivable" because of imminent danger of loss. We will pay for loss while they are:

   a. At a safe place away from your described premises.

   b. Being taken to and returned from that place.

   This off-premises "accounts receivable" limit is included in and not in addition to the Blanket Additional Coverage limit.

   Paragraph **B. Exclusions** in Section **I** — Property does not apply to this Coverage Extension except for:

   a. Governmental Action;

   b. Nuclear Hazard;

   c. War and Military Action;

   d. Dishonesty;

   e. False Pretense;

   f. Weather Conditions;

   g. Acts or Decisions;

   h. Negligent Work; and

   i. Accounts Receivable Exclusion.

2. **Electronic Information Systems**

   Within the Blanket Additional Coverage Limit of Insurance, we will pay for direct physical loss of or damage to your "computer(s)" and "electronic data".

   This Coverage Extension is subject to the provisions of the Electronic Information Systems Coverage Endorsement **BP 70 27** attached to this policy.

3. **Spoilage**

   Within the Blanket Additional Coverage Limit of Insurance, when a Business Personal Property Limit is shown in the Declarations for the described premises, you may extend the insurance provided by this Coverage Form to apply to direct loss or damage to "perishable stock" caused by:

   a. A change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment at the described premises;

   b. Contamination by a refrigerant only while the refrigerating apparatus or equipment is at the described premises; or

   c. Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises due to conditions beyond your control.

   We will not pay for loss or damage to "perishable stock" located:

   a. On buildings;

   b. In the open; or

   c. In vehicles.

   Paragraph **B. Exclusions** in **Section I — Property** is replaced by the following:

   a. Of the exclusions contained in Paragraph **B.1.** in Section **I** — Property, only the following apply:

      (1) Earth Movement;

      (2) Governmental Action;

      (3) Nuclear Hazard;

      (4) War And Military Action; and

      (5) Water.

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b. The following exclusions are added:

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

(1) The disconnecting of any refrigeration, cooling or humidity control systems from the source of electrical power;

(2) The shutting off of any switch or other device used to control the flow of electric power or current;

(3) The inability of an electrical utility company, your stationary heating plant or any other power source to provide sufficient heat or power due to:

(i) Lack of fuel;

(ii) Lack of capacity to make enough heat or power;

(iii) Order of the government.

(4) Breaking of any glass that is a permanent part of any refrigeration, cooling or humidity control system.

"Perishable Stock" means personal property:

1. Maintained under controlled temperature or humidity conditions for its preservation; and

2. Susceptible to loss or damage if the controlled temperature or humidity conditions change.

4. Valuable Papers and Records - Cost of Research

Within the Blanket Additional Coverage Limit of Insurance, we will pay for direct physical loss or damage to your "valuable papers and records" or those in your care, custody or control at the described premises caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace, or restore the lost information on lost or damaged "valuable papers and records", for which duplicates do not exist.

For "valuable papers and records" not at the described premises, the most we will pay is the limit shown in the Schedule. This off-premises "valuable papers and records" limit is included in and not in addition to the Blanket Additional Coverage limit.

Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.

Paragraph **B. Exclusions** in Section **I** — Property does not apply to this Coverage Extension except for:

a. Governmental Action;

b. Nuclear Hazard;

c. War and Military Action;

d. Dishonesty;

e. False Pretense;

f. Errors Or Omissions;

g. Weather Conditions;

h. Acts or Decisions; and

i. Negligent Work.

Building Owner - Leasehold Interest

1. You may extend the insurance provided by this Coverage Form to apply to loss of rental income in the event that your tenant(s) cancel their lease(s) in a described premises due to untenantability caused by direct physical loss or damage by a Covered Cause of Loss.

2. Loss of Rental Income does not include:

a. Prepaid Rent;

b. Security and other deposits made by tenants;

c. Insurance, taxes or other payments you made on behalf of the tenants.

3. We will pay only for loss of rental income that you sustain after tenantability is restored and until the earlier of:

a. The date you lease the premises to another tenant;

b. 12 months immediately following the "period of restoration"; or

c. The normal expiration date of the cancelled lease(s).

The most we will pay for loss of rental income under this Coverage Extension is the limit shown in the Schedule.

Building Owner - Tenant Move Back Expenses

1. You may extend the insurance provided by this Coverage Form to apply to expenses you incur as building owner to move tenants back into a described premises that was previously vacated due to temporary untenantability caused by direct physical loss or damage by a Covered Cause of Loss.

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2. We will pay only for the following move back expenses that are documented, reasonable and necessary:
   a. Packing, insuring and transporting Business Personal Property;
   b. Re-establishing electric utility and communication services, less any refunds due tenants from discontinued services;
   c. Assembly and setting up fixtures and equipment; or
   d. Unpacking and reshelving "stock" and supplies.
3. We will pay only for move back expenses incurred within 60 days of the date that the portion of the building rented by your tenant has been repaired or rebuilt and is ready for occupancy.
4. If your tenants have valid and collectible insurance for move back expenses, we will pay only for the amount in excess of the amount payable from such other insurance.

The most we will pay for move back expenses under this Coverage Extension is the limit shown in the Schedule.

Claim Expenses

You may extend the insurance provided by this Coverage Form to apply to necessary and reasonable expenses you incur at our specific request to assist us in:

1. The investigation of a claim or suit; or
2. The determination of the amount of loss, such as taking inventory or auditing business records.

We will not pay for:

1. Any expenses incurred, directed or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries.
2. Any costs incurred due to the Loss Condition - Appraisal.
3. Any expenses incurred, directed or billed by or payable to insurance agents or brokers or their associates or subsidiaries.

The most we will pay under this Coverage Extension is the limit shown in the Schedule.

Commercial Tools and Small Equipment

1. You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to commercial tools and small equipment including communication devices and diagnostic equipment usual to your business operations which are:
   a. Your property;
   b. The property of others in your care, custody or control; or
   c. The property of your employees. Damage to the property of your employees is limited to while on your premises

   but only if such loss or damage is caused by or results from a Covered Cause of Loss or is caused by flood, earthquake or landslide.
2. In addition to the items listed within **Property Not Covered,** we will not pay for any loss to the following property:
   a. Watercraft or watercraft parts and equipment;
   b. Commercial tools and small equipment that are permanently mounted to a vehicle, including trailers;
   c. Tires or tire tubes, attached or unattached, for use with commercial tools and small equipment, unless the loss or damage is caused by "theft", malicious mischief, or the result of a "specified cause of loss"; or
   d. Any property while underground, airborne or waterborne.
3. We will not pay for any loss caused by or resulting from:
   a. Any repair, adjusting, servicing, testing or maintenance process unless fire or explosion ensues, then only for the loss caused by such ensuing fire or explosion;
   b. "Theft" from an unattended vehicle including loss:
      (1) From inside a vehicle, including trailers or from a permanently mounted toolbox, except when:
         (a) Securely locked;
         (b) There is visible evidence that entry was forced; and
         (c) Its windows were fully closed; or
      (2) While items are placed on the exterior of an unattended vehicle, including trailers, unless the item:
         (a) Was secured;
         (b) Was protected by privacy locks; and
         (c) There is visible evidence that removal was accomplished by force.

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4. The most we will pay for any loss or damage to any combination of Covered Property, Business Income and Extra Expense under this Coverage Extension is the limit shown in the Schedule but not more than $1,000 for any one tool and not more than $2,500 for any one tool box or piece of small equipment.

Credit Card Slips

We will pay for amounts you are unable to collect due to loss of or damage to credit card slips while located at the described premises as the result of a Covered Cause of Loss.

It is your responsibility to demonstrate the amount of the loss under this Coverage Extension. If you are unable to conclusively demonstrate the amount of loss, the amount of the loss will be determined as follows:

1. If you have been in business for more than twelve months at the location of the loss, one-thirtieth (1/30) of the average monthly amount of credit card slips will be considered as average daily credit card slips for that location.

   The twelve months immediately preceding the discovery of the loss will be used to determine the average monthly amount.
2. If you have been in business for less than twelve months at the location of the loss, the average daily credit card slips shall be one-thirtieth (1/30) of the average monthly amount of credit card slips for the number of months you have been in business at that location.
3. The average daily credit card slips will be multiplied by the number of days for which slips are lost to determine the amount of the loss subject to the maximum limit indicated below.

The most we will pay as a result of loss or damage to credit card slips under this Coverage Extension is the limit shown in the Schedule.

Deferred Payments

You may extend the insurance provided by this Coverage Form to cover your interest in lost or damaged personal property, caused by or resulting from a Covered Cause of Loss, sold by you under a conditional sale or trust agreement or any installment or deferred payment plan after delivery to buyers.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Schedule.

When loss occurs and the buyer continues to pay you, there will be no loss payment.

In the event of loss or damage covered by this Coverage Extension:

1. When a total loss to that property occurs, deferred payments are valued on the amount shown on your books as due from the buyer.
2. When a partial loss to that property occurs and the buyer refuses to continue payment, forcing you to repossess, deferred payments are valued as follows:
   a. If the realized value of the repossessed property is greater than or equal to the amount shown on your books as due from the buyer, we will make no payment; but
   b. If the realized value of the repossessed property is less than the amount shown on your books as due from the buyer, we will pay the difference.

Expediting Expenses

You may extend the insurance provided by this Coverage Form to apply to necessary and reasonable expenses you incur to make temporary repairs, expedite permanent repairs, or expedite permanent replacement, at the described premises if the described premises has sustained direct physical loss or damage causes by a Covered Cause of Loss.

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

Expediting expenses do not include expenses you incur for the temporary rental of property or temporary replacement of damaged property.

The most we will pay under this Coverage Extension is the limit shown in the Schedule.

Fine Arts

You may extend the insurance provided by this Coverage Form to apply to fine arts.

This Coverage Extension is subject to the provisions of the Fine Arts Endorsement **BP 72 27** attached to this policy.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Schedule for any one item of fine art and the limit shown in the Schedule for any one occurrence.

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Fire Department Service Charge

When the Fire Department is called to save or protect Covered Property from direct physical loss or damage caused by or resulting from a Covered Cause of Loss, we will pay for your liability for fire department service charges:

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

The most we will pay under this Coverage Extension is the limit shown in the Schedule. The limit shown in the Schedule is the most we will pay regardless of the number of responding fire departments or fire units and the number or type of services performed.

Fire Extinguisher Systems Recharge Expense

1. We will pay:
   a. The lesser of the cost to recharge or replace your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises; and
   b. For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
2. No coverage will apply if the fire extinguishing system is discharged during installation or testing.
3. The most we will pay under this Coverage Extension is the actual cost/loss sustained.

Glass Expenses

In the event direct physical loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss results in loss or damage to building glass, we will pay for glass expenses incurred to:

1. Repair and replace frames immediately encasing and contiguous to such glass when necessary because of such damage;
2. Install temporary plates in or board up openings containing such glass when necessary because of unavoidable delay in repairing or replacing such damaged glass;
3. Remove or replace any obstructions other than window displays, when necessary in replacing such damaged glass, lettering or ornamentation; and
4. Repair or replace damage to or destruction of the lettering and ornamentation of glass including loss caused by chemicals accidentally or maliciously applied.

This Coverage Extension is included within the Building and/or Business Personal Property Limit of Insurance shown in the Declarations.

Installation Property

1. You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to "installation property" while:
   a. At a premises, other than a described premises, where you or subcontractors working for you are performing operations;
   b. At any temporary storage location you do not own, lease or operate; or
   c. While in transit;

   but only if such loss or damage is caused by or results from a Covered Cause of Loss or is caused by flood, earthquake or landslide.
2. "Installation property" means your property and property of others for which you are liable or in which you have an interest, which is intended for installation, such as, but not limited to materials, supplies, fixtures, machinery and equipment and including labor or services furnished in connection with the installation.
3. This Coverage Extension does not apply to Commercial Tools and Small Equipment which is covered under the Commercial Tools and Small Equipment Coverage Extension.
4. The most we will pay for any loss or damage to any combination of Covered Property, Business Income and Extra Expense under this Coverage Extension is the limit shown in the Schedule.

Lock Replacement Coverage

We will pay for the cost to replace locks necessitated by the theft of keys from your premises.

The most we will pay for loss under this Coverage Extension is the limit shown in the Schedule.

Each loss for lock replacement covered by this Coverage Extension is subject to a $50 deductible.

Loss Payment on Merchandise Sold

You may extend the coverage that applies to your Business Personal Property to cover direct physical loss or damage to merchandise that you have sold but not yet delivered caused by or resulting from a Covered Cause of Loss.

The basis of the valuation of such merchandise shall be the price paid by the customer to the insured, not to exceed the amount for which the insured is legally liable.

This Coverage Extension is included within the Business Personal Property Limit of Insurance shown in the Declarations for each described premises.

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Mobile Equipment

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to your mobile equipment such as fork lifts, lawn mowers, electric carts, tractors and similar vehicles, which are used principally on the described premises to service the premises or your business caused by or resulting from a Covered Cause of Loss.

This Coverage Extension does not apply to vehicles which are licensed for use on public roads, not principally kept on the described premises or insured elsewhere.

The most we will pay for loss or damage to any combination of Covered Property, Business Income and Extra Expense under this Coverage Extension is the limit shown in the Schedule.

Newly Acquired or Constructed Property

1. When a Building Limit of Insurance is shown in the Declarations, you may extend the insurance that applies to Building to apply to:

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

b. Buildings you acquire at premises, other than the described premises, intended for:

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

(2) Use as a warehouse.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Schedule for each newly acquired property.

2. When a Business Personal Property Limit of Insurance is shown in the Declarations, you may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Schedule for each newly acquired property.

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

a. This policy expires;

b. The number of days shown in the Schedule after you acquire or begin to construct the property; or

c. You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

Non-Owned Detached Trailers

1. When a Business Personal Property Limit of Insurance is shown in the Declarations at the described premises, you may extend the insurance provided under this Coverage Form to apply to direct physical loss or damage to trailers or semi-trailers that you do not own caused by a Covered Cause of Loss, provided that:

a. The trailer or semi-trailer is used in your business;

b. The trailer or semi-trailer is in your care, custody or control at the described premises; and

c. You have a contractual responsibility to pay for loss or damage to the trailer or semi-trailer.

2. We will not pay for loss or damage that occurs:

a. While the trailer or semi-trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion; or

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

3. The most we will pay for loss or damage to any combination of Covered Property, Business Income and Extra Expense under this Coverage Extension is the limit shown in the Schedule.

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

Off Premises Utility Services - Direct Damage

You may extend the insurance provided by this Coverage Form to apply to loss or damage to Covered Property caused by the interruption of services to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following types of property not located on the described premises:

1. Water Supply Services meaning the following types of property supplying water to the described premises:

a. Pumping stations; and

b. Water mains.

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2. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
   a. Communication transmission lines, including optic fiber transmission lines;
   b. Coaxial cables; and
   c. Microwave radio relays except satellites.
3. Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:
   a. Utility generating plants;
   b. Switching stations;
   c. Substations;
   d. Transformers; and
   e. Transmission lines.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Schedule.

Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage, including debris removal expense, to the following outdoor property owned or leased by you caused by or resulting from a Covered Cause of Loss:

1. Outdoor fences;
2. Outdoor signs and flagpoles whether or not attached to buildings;
3. Outdoor lights, whether or not attached to buildings;
4. Paved surfaces, including but not limited to bridges, roads, walks, foot and cart bridges, patios and parking lots;
5. Playground equipment;
6. Radio and television receiving equipment including loss or damage to your radio and television antennas, satellite dishes and similar audio/visual receiving equipment, their lead-in wiring, masts or towers;
7. Outdoor tents, canopies, and awnings of fabric or slate construction not attached to a building and located on your described premises;
8. Ornamental Gardens. However, loss or damage caused by weight of ice, snow or sleet is not covered;
9. Hardscape landscaping consisting of masonry or stone bridges, walks, patios, retaining walls or similar surfaces or wooden landscaping bridges, permanent objects whose primary function is decoration, benches, statues, fountains, monuments and gazeboes or similar structures; and
10. Outdoor artwork and decorative objects.

However, this Coverage Extension does not apply to loss or damage caused by freezing or thawing.

The most we will pay including debris removal expense, for loss or damage to any combination of Covered Property, Business Income and Extra Expense, under this Coverage Extension is the limit shown in the Schedule.

Outdoor Trees, Shrubs and Plants

You may extend the insurance provided by this Coverage Form, including debris removal expense, to apply to loss of your outdoor trees, shrubs and plants, caused by or resulting from a Covered Cause of Loss other than windstorm, hail, or weight of snow, ice or sleet.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Schedule, but not more than $2,500 for any one tree, shrub or plant.

Personal Effects

You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage to personal effects owned by you, your officers, your partners or “members”, your “managers” or your employees caused by or resulting from a Covered Cause of Loss.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Schedule.

Each loss for personal effects owned by any one individual is subject to a $100 deductible.

Property in Transit (including F.O.B. Shipments)

1. You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to personal property used in your business that is in transit at your risk more than 1,000 feet from the described premises caused by or resulting from a Covered Cause of Loss or caused by flood, earthquake or landslide.

   We cover property shipped:

   a. By any type of carrier you do not own, lease, or operate; or
   b. In or on any vehicle you own, lease, or operate.

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2. We will also pay for loss or damage to property you ship on a F.O.B., meaning Free on Board, basis if you cannot collect the loss from the consignee. But we will only pay the amount of your interest in the property.

3. This Coverage Extension does not apply to:

a. Personal Property At Unnamed Premises - Within the Coverage Territory;

b. Salesperson's Samples

which are covered under separate Coverage Extensions.

4. The most we will pay for loss or damage to any combination of Covered Property, Business Income and Extra Expense under this Coverage Extension is the limit shown in the Schedule.

Personal Property At Unnamed Premises — Within the Coverage Territory

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to your Business Personal Property and Personal Property of Others while at an "unnamed premises" caused by or resulting from a Covered Cause of Loss and for direct loss or damage caused by flood, earthquake or landslide.

For this Coverage Extension, "unnamed premises" means locations:

1. Owned, leased or operated by you; or

2. Not owned, leased or operated by you, where Your Business Personal Property or Personal Property of Others in your care, custody or control is located, including fairs, trade shows or exhibitions;

that are within the Coverage Territory and not described in the Declarations.

This Coverage Extension does not apply to:

1. Commercial Tools and Small Equipment;

2. Installation Property;

3. Newly Acquired or Constructed Property;

4. Personal Effects;

5. "Portable Computers";

6. Property In Transit;

7. Salesperson's Samples; and

8. Property outside of the Coverage Territory.

which are covered under separate Coverage Extensions.

The most we will pay for loss or damage to any combination of Covered Property, Business Income and Extra Expense under this Coverage Extension is the limit shown in the Schedule.

Personal Property At Unnamed Premises — Outside the Coverage Territory

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to Business Personal Property and Personal Property of Others while at an "unnamed premises" caused by or resulting from a Covered Cause of Loss.

For this Coverage Extension, "unnamed premises" means locations:

1. Owned, leased or operated by you; or

2. Not owned, leased or operated by you, where Your Business Personal Property or Personal Property of Others in your care, custody or control is located, including fairs, trade shows or exhibitions;.

that are at worldwide locations outside the Coverage Territory except within any country upon which the United States government has imposed sanctions, embargoes or any similar prohibition.

This Coverage Extension does not apply to:

1. Commercial Tools and Small Equipment;

2. Installation Property;

3. Newly Acquired or Constructed Property;

4. Personal Effects;

5. "Portable Computers";

6. Property In Transit except as provided below;

7. Salesperson's Samples; and

8. Property within the Coverage Territory.

The most we will pay for loss or damage to any combination of Covered Property, Business Income and Extra Expense for this Coverage Extension is the limit shown in the schedule except for Property In Transit which is $5,000.

Salesperson's Samples

1. You may extend the insurance provided by the Coverage Form to apply to direct physical loss or damage to samples of your stock in trade including containers while:

a. In the custody of your sales representative, agent or any employee who travels with sales samples;

b. In your custody while you are acting as a sales representative; or

c. In transit between premises that you own, lease or operate and your sales representative;

but only if such loss or damage is caused by or results from a Covered Cause of Loss.

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2. We will not pay for any loss to the following property:

a. Property which has been sold;

b. "Money" and "securities", "valuable papers and records" or "accounts receivable";

c. Jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys;

d. Furs, fur garments or garments trimmed with fur; or

e. Any property while waterborne.

3. The following exclusions set forth in Paragraph **B. Exclusions** in Section **I** — Property do not apply:

a. **B.1.b.** Earth Movement;

b. **B.1.g.** Water;

c. **B.2.g.** False Pretense;

d. **B.2.l.(4)** Settling, cracking, shrinking or expansion;

e. **B.2.l.(7)(a)** Dampness or dryness of atmosphere; and

f. **B.2.l.(7)(b)** Changes in or extremes of temperature.

4. We will not pay for any loss or damage caused by "theft" from an unattended vehicle including:

a. Loss from inside a vehicle, including trailers, or from a permanently mounted exterior toolbox except when:

(1) Securely locked;

(2) There is visible evidence that entry was forced; and

(3) Its windows were fully closed; or

b. While items are placed on the exterior of an unattended vehicle, including trailers, unless the item:

(1) Was secured;

(2) Was protected by privacy locks; and

(3) There is visible evidence that removal was accomplished by force.

5. The most we will pay for any loss or damage to any combination of Covered Property, Business Income and Extra Expense under this Coverage Extension is the limit shown in the schedule.

Tenant Building and Business Personal Property Coverage - Required by Lease

You may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage to Building and Business Personal Property for which you have a contractual responsibility to insure caused by or resulting from a Covered Causes of Loss. This includes building fixtures, machinery and equipment that you are contractually responsible to insure.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Schedule.

Theft Loss to Building

You may extend the coverage that applies to your Business Personal Property to cover loss directly resulting from an act of theft to that portion of a non-owned building that you occupy.

F. Paragraph **B. Exclusions** is amended as follows:

1. The following is added to Exclusion **1.a. Ordinance or Law:**

This exclusion applies except as provided under the Additional Coverage for Ordinance Or Law.

2. The following is added to Exclusion **1.g. Water:**

This exclusion applies except as provided under the Coverage Extension for Back-Up of Sewers and Drains.

3. The following exclusion is added to **B.1.:**

k. Computer Virus or Harmful Code

Computer 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.

This exclusion does not apply to the extent that coverage is provided under the Electronic Information Systems coverage which is part of the Blanket Additional Coverage.

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

1. Paragraph **C.2.** is deleted and does not apply.

2. Paragraph **C.5. Business Personal Property Limit - Seasonal Increase** does not apply and is replaced by the following:

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a. Subject to meeting the requirements outlined in Paragraph **b.** below, the Limit of Insurance for Business Personal Property will increase by the percentage shown in the Schedule to provide for seasonal variations.

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

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

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

Otherwise, the Limit of Insurance for Business Personal Property will automatically increase by only 10% to provide for seasonal variations.

If Business Personal Property is written on a blanket basis, the blanket limit does not apply to the Business Personal Property Limit - Seasonal Increase provision. The seasonal increase percentage is applied to the applicable described premises Business Personal Property limit shown in the Declarations.

H. Paragraph **D. Deductibles** does not apply and is replaced by the following:

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

2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under the following Coverage Extensions is $250:

a. Blanket Additional Coverage except for Spoilage. Deductible shown in the Declarations applies to Spoilage;

b. Commercial Tools and Small Equipment;

c. Deferred Payments;

d. Fine Arts;

e. Glass Expenses;

f. Installation Property;

g. Outdoor Property;

h. Outdoor Trees, Shrubs and Plants;

i. Salesperson's Samples;

3. Regardless of the Deductible applicable to any Coverage, Additional Coverage, or Coverage Extension, the Deductible shown in the Declarations is the most we will deduct from all loss or damage arising out of one occurrence.

4. No deductible applies to the following Additional Coverages:

a. Business Income;

b. Extra Expense;

c. Preservation of Property.

5. No deductible applies to the following Coverage Extensions:

a. Arson, Theft and Vandalism Rewards;

b. Claim Expenses;

c. Credit Card Slips;

d. Expediting Expenses;

e. Fire Department Service Charge;

f. Fire Extinguisher Systems Recharge Expense.

I. Paragraph **E. Property Loss Conditions** is amended as follows:

1. The following is added to Paragraph **E.5.d.:**

(8) If the Guaranteed Replacement Cost - Buildings option applies as shown in the Declarations, Paragraph **(1)** above does not apply to Buildings. Instead we will determine the value of Buildings at replacement cost (without depreciation) and without regard to the Limit of Insurance shown in the Declarations, subject to the following:

(a) We will not pay more for loss or damage on a replacement cost basis than the least of the following amounts, subject to **(d)** and **(e)** below.

(i) The actual cost to replace the damaged building or structure, provided that:

aa. You report to us, within 90 days of the start of any additions, improvements or enlargements of $10,000 or more made to the described building(s) during the policy period; and

bb. You agree to increase the Limit of Insurance for the described building(s) to reflect the replacement cost value of the additions, improvements or enlargements.

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

aa. Of comparable material and quality; and

bb. Used for the same purpose; or

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

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

(b) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of 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 endorsement provides if you notify us of your intent to do so within 180 days after the loss or damage.

(c) We will not pay on a replacement cost basis for any loss or damage:

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

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

(d) 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.

(e) Any additional Limit of Insurance provided by this option does not apply to loss or damage caused directly or indirectly by mine subsidence.

J. Paragraph **G. Optional Coverages** does not apply.

K. Paragraph **H. Property Definitions** is amended as follows:

1. Paragraph **9.** "period of restoration" definition is deleted and replaced by the following:

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

a. Begins:

(1) For Business Income with no hour waiting period after the time of direct physical loss or damage caused by or resulting from a Covered Cause of Loss at the described premises or dependent property unless one of the optional waiting period endorsements is attached to this policy; or

(2) For Extra Expense immediately after the time of direct physical loss or damage caused by or resulting from a Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

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

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

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

2. Paragraph **14. "Valuable Papers and Records"** is deleted and replaced by:

14. "Valuable papers and records" means:

a. Inscribed, printed or written:

(1) Documents;

(2) Manuscripts; and

(3) Records,

including abstracts, books, deeds, drawings, films, maps, mortgages, X-ray negatives and prints and patient charts and records.

But "Valuable Papers and Records" does not mean "money" or "securities".

3. The following definition is added:

15. "Accounts Receivable" means:

a. All amounts due from customers that you are unable to collect;

b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

c. Collection expenses in excess of your normal collection expenses that are made necessary by the loss; and

d. Other reasonable expenses that you incur to reestablish your records of "accounts receivable".

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BUSINESSOWNERS LIABILITY ENHANCEMENT

(INCLUDING BUSINESSOWNERS COMMON POLICY CONDITIONS AMENDMENTS)

BUSINESSOWNERS
BP 72 47 09 19

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The sections of the above form identified in this endorsement will be amended as shown below. However, **if (a) two or more Coverage Parts of this policy, or (b) two or more forms or endorsements within the same Coverage Part** apply to a loss, only the broadest coverage of this policy will apply, unless specifically stated otherwise within the particular amendment covering that loss.

With respect to coverage provided by this endorsement, the provisions of the above form apply unless modified by the endorsement.

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The following changes are made to **SECTION II — LIABILITY, A. Coverages, 1. Business Liability:**

A. SUPPLEMENTARY PAYMENTS

Sub-Paragraphs **1.(b)** and **1.(d)** of Paragraph **f. Coverage Extension — Supplementary Payments** are replaced by the following:

(b) Up to $3,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.

(d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to $1,000 a day because of time off from work.

B. EXCLUSIONS

The following changes are made under Paragraph **B. Exclusions:**

1. NON-OWNED AIRCRAFT

Exclusion **g. Aircraft, Auto Or Watercraft** does not apply to any aircraft, not owned or operated by any insured that is hired, chartered or loaned with a crew paid by a party other than an insured.

If the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess and subject to the Other Insurance provisions of this policy for Excess Insurance.

2. NON-OWNED WATERCRAFT

Paragraph **(2)** of Exclusion **g. Aircraft, Auto Or Watercraft** is replaced by the following:

(2) A watercraft you do not own that is:

(a) Less than 60 feet long; and

(b) Not being used to carry persons or property for a charge.

With respect to Paragraph **(a)** above, any person is an insured who uses or is responsible for the use of such watercraft with your expressed or implied consent.

If the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess and subject to the Other Insurance provisions of this policy for Excess Insurance.

3. PERSONAL AND ADVERTISING INJURY CONTRACTUAL EXCLUSION AMENDMENT

Sub-paragraph **(4)** of Exclusion **p. Personal And Advertising** is replaced by the following:

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

4. DAMAGE TO PREMISES RENTED TO YOU

a. The last paragraph under Paragraph **1. Applicable to Business Liability Coverage** is replaced by the following:

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

b. Sub-paragraph **3.** of Paragraph **D., Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or temporarily occupied by you with the permission of the owner is the Damage To Premises Rented To You limit shown in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

c. Sub-paragraph **a.** of Definition **9.** "Insured contract" in Paragraph **F. Liability And Medical Expenses Definitions** is replaced by the following:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning or explosion to premises while rented to you or temporarily occupied by you with the permission of the owner is not an "insured contract";

5. MEDICAL PAYMENTS FOR NON-FOR-PROFIT MEMBERS

Sub-paragraph **a.** of Paragraph **2. Applicable to Medical Expenses Coverage** is replaced by the following:

a. To any insured, except "volunteer workers" and "not-for-profit members".

C. WHO IS AN INSURED

Subject to the **Primary And Non-Contributory Provision** set forth in this endorsement, Paragraph **C. Who Is An Insured** is amended to include as an additional insured:

1. BLANKET ADDITIONAL INSUREDS - AS REQUIRED BY CONTRACT

a. Owners, Lessees or Contractors / Architects, Engineers and Surveyors

(1) Any person or organization for whom you are performing operations when you and such person or organization have agreed in a written contract, written agreement or written permit that such person or organization be added as an additional insured on your commercial general liability policy; and

(2) Any other person or organization, including any architects, engineers or surveyors not engaged by you, whom you are required to add as an additional insured under your policy in the contract or agreement in Paragraph **(1)** above:

Such person or organization is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(a) Your acts or omissions; or

(b) The acts of omissions of those acting on your behalf;

in the performance of your ongoing operations performed for the additional insured in Paragraph **1.,** above.

However, this insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services by or for you, including:

(a) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and

(b) Supervisory, inspection, architectural or engineering activities.

Professional services do not include services within construction means, methods, techniques, sequences and procedures employed by you in connection with your operations in your capacity as a construction contractor.

A person or organization's status as an additional insured under this endorsement ends when your operations for the person or organization described in Paragraph **(1)** above are completed.

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b. Other Additional Insureds

Any of the following persons or organizations with whom you have agreed in a written contract, written agreement or written permit that such persons or organizations be added as an additional insured on your commercial general liability policy:

(1) Lessors of Leased Equipment

Any person or organization from whom you lease equipment, but only with respect to liability from "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

(2) Managers or Lessors of Premises

Any person or organization from whom you lease premises, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you.

This insurance does not apply to any "occurrence" which takes place after you cease to be a tenant in that premises.

(3) Mortgagees, Assignees or Receivers

Any person or organization with respect to their liability as mortgagee, assignee or receiver and arising out of the ownership, maintenance or use of your premises.

This insurance does not apply to any "occurrence" which takes place after the mortgage is satisfied, or the assignment or receivership ends.

(4) Any Person or Organization Other Than A Joint Venture

Any person or organization (other than a joint venture of which you are a member), but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts of omissions of those acting on your behalf in the performance of your ongoing operations or in connection with property owned by you.

(5) State or Governmental Agency or Political Subdivision - Permits or Authorizations

Any state or governmental agency or subdivision or political subdivision, but only with respect to:

(a) Operations performed by you or on your behalf for which the state or governmental agency or subdivision or political subdivision has issued a permit or authorization; or

(b) The following hazards for which the state or governmental agency or subdivision or political subdivision has issued a permit or authorization in connection with premises you own, rent or control and to which this insurance applies:

(i) The existence, maintenance, repair, construction, erection or removal of advertising signs, awnings, canopies, cellar entrances, coal holes drive-ways, manholes, marquees, hoist away openings, sidewalk vaults, street banners or decorations and similar exposures;

(ii) The construction, erection or removal of elevators; or

(iii) The ownership, maintenance or use of any elevators covered by this insurance.

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This insurance does not apply to:

(a) "Bodily injury" or "property damage" arising out of operations performed for the federal government, state or municipality; or

(b) "Bodily injury" or "property damage" included within the "products-completed operations hazard".

With respect to Paragraphs **b.(2)** through **b.(4),** this insurance does not apply to structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been signed by the Named Insured or written permit issued prior to the "bodily injury", "property damage" or "personal and advertising injury".

2. BROAD FORM VENDORS COVERAGE

Subject to the **Primary And Non-Contributory Provision** set forth in this endorsement, Paragraph **C. Who Is An Insured** is amended to include as an additional insured any person or organization (referred to below as vendor) for whom you have agreed in a written contract or written agreement to provide coverage as an additional insured under your policy. Such person or organization is an additional insured only with respect to "bodily injury" or "property damage" caused, in whole or in part, by "your products" which are distributed or sold in the regular course of a vendor's business, but the insurance afforded the vendor does not apply to:

a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a written contract or written agreement; but this exclusion does not apply to liability for damages that the vendor would have in the absence of the written contract or written agreement;

b. Any express warranty unauthorized by you;

c. Any physical or chemical change in the product made intentionally by the vendor;

d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business in connection with the sale of the product; or

f. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, or part of an ingredient of any other thing or substance by or for the vendor; but this insurance does not apply to any insured person or organization, from who you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been signed by the Named Insured or written permit issued prior to the "bodily injury" or "property damage".

3. NOT-FOR-PROFIT ORGANIZATION MEMBERS AS ADDITIONAL INSUREDS

If you are an organization other than a partnership, joint venture or a limited liability company and you are a not for profit organization, **Who Is An Insured** is amended to include as additional insureds your officials, trustees, board members, insurance managers and "not-for-profit members" but only with respect to their liability for your activities or activities they perform on your behalf.

4. NEWLY FORMED OR ACQUIRED ORGANIZATIONS

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However,

a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

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b. This coverage does not apply if the newly formed or acquired organization's coverage is excluded either by the provisions of this Policy or by endorsement; and

c. This coverage does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

d. This coverage does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization. No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture, or limited liability company that is not shown as Named Insured in the Declarations.

D. INCIDENTAL MALPRACTICE

Sub-paragraph **2.a.(1)(d)** of Paragraph **C. Who Is An Insured** is replaced by the following:

(d) Arising out of his or her providing or failing to provide professional health care services. This does not apply to nurses, emergency medical technicians or paramedics if you are not in the business or occupation of providing any such professional services. This also does not apply to "bodily injury" caused by cardiopulmonary resuscitation or first aid services administered by a co-"employee".

E. KNOWLEDGE OF OCCURRENCE, OFFENSE, CLAIM OR SUIT

Paragraphs **a.** and **b.** of Paragraph **E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS,** Condition **2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** will not apply until after the "occurrence", or offense, or claim or "suit" is known to:

(a) You, if you are an individual;

(b) A partner, if you are a partnership;

(c) An executive officer or insurance manager, if you are a corporation;

(d) Your members, managers or insurance manager, if you are a limited liability company; or

(e) Your elected or appointed officials, trustees, board members or your insurance manager if you are an organization other than a partnership, joint venture or limited liability company.

F. DEFINITIONS

Paragraph **F. Liability And Medical Expenses Definitions** is amended as follows:

1. MENTAL ANGUISH

(This provision does not apply in New York.)

Definition **3.** is replaced by the following:

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at any time. (In New York, mental anguish has been determined to be "bodily injury.")

2. TEMPORARY WORKERS AS EMPLOYEES

Definition **5.** is replaced by the following:

5. "Employee" includes a "leased worker" and a "temporary worker".

3. MOBILE EQUIPMENT

(This provision does not apply in the states of New York or Virginia.)

Paragraph **f.(1)** of Definition **12.** does not apply to self-propelled vehicles of less than 1,000 pounds gross vehicle weight.

4. DISCRIMINATION

(This provision does not apply in New York.)

A. The following is added to Definition **14.:**

"Personal and advertising injury" also means "discrimination" that results in injury to the feelings or reputation of a natural person, however only if such "discrimination" is:

a. Not done by or at the direction of:

(1) The insured; or

(2) Anyone considered an insured under Paragraph **C. Who Is An Insured;**

b. Not done intentionally to cause harm to another person.

c. Not directly or indirectly related to the employment, prospective employment or termination of employment of any person or persons by any insured.

d. Not arising out of any "advertisement" by the insured.

B. The following definition is added:

"Discrimination" means:

a. Any act or conduct that would be considered discrimination under any applicable federal, state, or local statute, ordinance or law;

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b. Any act or conduct that results in disparate treatment of, or has disparate impact on, a person, because of that person's race, religion, gender, sexual orientation, age, disability or physical impairment; or

c. Any act or conduct characterized or interpreted as discrimination by a person based on that person's race, religion, gender, sexual orientation, age, disability or physical impairment.

It does not include acts or conduct characterized or interpreted as sexual intimidation or sexual harassment, or intimidation or harassment based on a person's gender.

This provision does not apply if "personal and advertising injury" coverage is excluded either by the provisions of this policy or by endorsement.

5. NOT FOR PROFIT MEMBERS

The following definition is added:

"Not for profit members" means a person(s) who is a member of a not for profit organization, including clubs and civic organizations who receive no financial or other compensation.

G. SECTION III — BUSINESSOWNERS COMMON POLICY CONDITIONS — Amendments

1. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

The following is added to Paragraph **C. Concealment, Misrepresentation Or Fraud:**

However, if you should unintentionally fail to disclose any existing hazards in your representations to us at the inception date of the policy or during the policy period in connection with any additional hazards, we shall not deny coverage under this policy based upon such failure.

2. Paragraph **G. Liberalization** is replaced by the following:

G. LIBERALIZATION

If we revise this Coverage Form to provide more coverage without additional premium charge, subject to our filed company rules, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

3. Primary and Non-Contributory Provision

The following is added to Paragraph **2.** of Condition **H. Other Insurance:**

c. This insurance is primary to and we will not seek contribution from any other insurance available to an additional insured under your policy provided that:

(1) The additional insured is a Named Insured under such other insurance; and

(2) You have agreed in a written contract or written agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

4. The following is added to Paragraph **2.** of Condition **K. Transfer Of Rights Of Recovery Against Others To Us:**

We will waive any right of recovery we may have against a person or organization because of payments we make for "bodily injury" or "property damage" arising out of your ongoing operations or "your work" done under a written contract or written agreement and included in the "products-completed operations hazard", if:

1. You have agreed to waive any right of recovery against that person or organization in a written contract or written agreement;

2. Such person or organization is an additional insured on your policy; or

3. You have assumed the liability of that person or organization in that same contract, and it is an "insured contract."

This amendment only applies to that person or organization identified above, and only if the "bodily injury" or "property damage" occurs subsequent to the execution of the written contract or written agreement.

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ORDINANCE OR LAW COVERAGE ENDORSEMENT

BUSINESSOWNERS
BP 72 67 09 18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

This coverage is subject to the provisions applicable to:

1. **SECTION I — PROPERTY** of the Businessowners Coverage Form; and
2. The applicable property enhancement endorsement attached to this policy,

except as provided below:

The following provisions apply only to the coverage provided by this endorsement.

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1. If there is direct physical loss or damage to Covered Property at the described premises caused by or resulting from a Covered Cause of Loss we will pay the following to the extent it results from enforcement of an ordinance or law:
   a. **Coverage 1 - Loss to the Undamaged Portion of the Building.** The loss in value of the undamaged portion of the building that requires demolition of undamaged parts of the same building.
   b. **Coverage 2 - Demolition Cost.** The cost to demolish and clear the site of undamaged parts of the same building.
   c. **Coverage 3 - Increased Cost of Construction.** The increased cost to:
      (1) Repair or reconstruct damaged portions of the same building; and/or
      (2) Reconstruct or remodel undamaged portions of the same building, whether or not demolition is required.

      However:
      (1) This coverage applies only if the restored or remodeled building is intended for similar occupancy as the current building, 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.
   d. **Coverage 4 - Tenant's Improvements and Betterments.** The increased cost to repair, rebuild or reconstruct tenant's improvements and betterments.
   e. **Coverage 5 - Increased Period of Restoration.** If a Covered Cause of Loss causes or results in loss or damage to building, coverage is extended to include the amount of loss you sustain during the increased period of suspension of "operations" caused by or resulting from the enforcement of any ordinance or law.
2. The ordinance or law must:
   a. Regulate the demolition, construction or repair of buildings or establish zoning or land use requirements at the described premises; and
   b. Be in force at the time of loss.
3. We will not pay under this Coverage Extension for:
   a. Loss due to any ordinance or law with which:
      (1) You were required to comply before the loss, even in the absence of damage to the building; and
      (2) You failed to comply.
   b. The enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
   c. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
4. The most we will pay under this Additional Coverage for:
   a. **Coverage 1.**
      (1) If the property is repaired or replaced on the same or another premises is the lesser of:

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(a) The amount you actually spend to repair, rebuild or reconstruct the undamaged portion of the building but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(b) The amount it would cost to restore the undamaged portion to the same height, floor area, style and comparable quality of the original undamaged portion of the building; or

(c) The limit of insurance applicable to the Building shown in the Declarations.

(2) If the property is not repaired or replaced or if Replacement Cost or Guaranteed Replacement Cost does not apply is the lesser of:

(a) The actual cash value of the undamaged portion of the building at the time of loss; or

(b) The limit of insurance applicable to the Building shown in the Declarations.

(3) Coverage **1.** is included within and is not in addition to the Building Limits of Insurance shown in the Declarations.

b. Coverage 2 and 3.

(1) The total of all covered losses for Coverage **2** and Coverage **3:**

(a) For Buildings insured on a Replacement Cost or Guaranteed Replacement Cost basis is the percentage of the Building limit shown in the Schedule or the limit of insurance shown in the Schedule, whichever is greater, unless a higher percentage/limit is shown in the Declarations; or

(b) For Buildings insured on a Functional Replacement Cost basis, and including any loss to the building and any loss under Coverage **1** above, is included within the limit of insurance shown in the Declarations as applicable to the covered Building Property. But, Coverage **2** and Coverage **3** do not increase the limit of insurance when coverage is provided on a Functional Replacement Cost basis.

(2) Subject to **(1)** above, the following loss payment provisions apply:

(a) For Coverage **2.,** we will not pay more than the amount you actually spend to demolish and remove debris of the undamaged parts of the property.

(b) For Coverage **3:**

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

aa. Until the property is actually repaired or replaced at the same or another premises; and

bb. Unless the repairs 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.

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

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

c. Coverage 4. Is the limit shown in the Schedule.

d. Coverage 5. Is the limit shown in the Schedule.

The terms of this Additional Coverage apply separately to each Building Limit of Insurance shown in the Declarations.

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BUSINESS LIABILITY COVERAGE — AGGREGATE LIMITS OF INSURANCE

BUSINESSOWNERS
BP 72 75 12 21

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SECTION II — LIABILITY is amended as follows:

Subparagraph **4.** of Paragraph **D. Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

4. Aggregate Limits

a. The General Aggregate Limit shown in the Declarations is the most we will pay for the sum of all:

(1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";

(2) Medical expenses; and

(3) "Personal and advertising injury" caused by offenses committed.

(4) Damages included in the Other Than Products/Completed Operations Aggregate, if this aggregate limit is referenced in an endorsement to this policy.

b. The Product Aggregate Limit shown in the Declarations is the most we will pay for damage because of all "bodily injury" and "property damage" that is included in the "products-completed operations hazard".

Subject to Paragraph **a.** or **b.** above, whichever applies, the Damage To Premises Rented To You limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

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EMPLOYMENT PRACTICES LIABILITY
LIMITED DEFENSE EXPENSE REIMBURSEMENT

BUSINESSOWNERS
BP 79 11 09 23

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE

Limit of Insurance: $5,000. Per claim "Defense Expenses"/
$5,000. Annual Aggregate

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SECTION I — COVERAGE

1. Insuring Agreement

We will reimburse you for the "defense expenses" you incur as a result of a "civil suit" in which either "damages" are alleged or fact finding will take place, when either is the actual or alleged result of any "employment practice". This coverage only applies when the "civil suit" is brought against you during the policy period. We have no right or duty to defend you for any such "civil suit".

We **DO NOT** have a duty to investigate, defend or settle any "civil suit" and we **DO NOT** have a duty to pay any damages, award, settlement, civil, criminal or administrative fine or penalty. Our entire obligation under this endorsement is limited to the reimbursement of "defense expenses" you actually paid.

2. Exclusions

We have no obligation to reimburse "defense expenses" if a claim arises directly or indirectly from any:

a. A "civil suit" for any incident that happened prior to the effective date of this policy.

b. **(1)** "Employment practices" which were the subject of any demand, suit or other proceeding which was initiated against any insured; or

(2) Facts and circumstances which would cause a reasonable person to believe a "claim" would be made and which were known to any insured,

prior to the effective date of the earlier of (i) the first endorsement of this type that we issued to you of which the policy this endorsement is attached to was an uninterrupted renewal of this type of coverage, or (ii) this endorsement.

c. Breach of an express contract of employment or any express obligation to make payments in the event of termination of employment.

d. Of the following laws:

(1) Any workers compensation, disability benefits or unemployment compensation law, or any similar law; provided however, this exclusion shall not apply to any covered claim based upon, arising from or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to such law;

(2) Employees' Retirement Income Security Act of 1974, Public Law 93-406 (ERISA) as now or hereafter amended, or any similar state or other governmental law, including but not limited to fiduciary liability, and liability arising out of the administration of any employee benefit plan, and any other liability under such laws;

(3) The Fair Labor Standards Act, the National Labor Relations Act of 1938, the Worker Adjustment and Retraining Notification Act (Public Law 100-37991988), the Consolidated Omnibus Budget Reconciliation Act of 1985 or the Occupational Safety and Health Act. This exclusion also applies to any rules or regulations promulgated under any of the foregoing and amendments thereto or any similar provisions of any federal, state or local law.

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(4) Any action or omission that directly or indirectly violates or is alleged to violate:

(a) Any current or future federal, state or local statute, ordinance, regulation, common law or other law that addresses, prohibits, or limits access to, use of or the recording, printing, dissemination, distribution, disclosure, obtaining, collecting, capturing, possessing, storing, protecting, safeguarding, retention, sending, transmitting, communicating, releasing, destruction, disposal, selling, leasing, purchasing trading of any other types for profit of any person's or organization's confidential or personal material or information including financial, health, "biometric information" or other nonpublic material or information, including but not limited to:

i. The Illinois Biometric Information Privacy Act (BIPA), including any amendment of or addition to such law; or

ii. The California Consumer Privacy Act (CCPA), including any amendment of or addition to such law; or

(b) Any law of a jurisdiction other than the United States of America (including its territories and possessions) or Puerto Rico that is similar to any statute, ordinance, regulation, common law or other law described in Paragraph (**4)(a)** above, including but not limited to the European Union's General Data Protection Regulation.

Paragraphs **(4)(a)** and **(4)(b)** above include the violation of any policies or practices enacted in support of such laws as well as violations of any subsequent rules or regulations promulgated thereunder.

e. Oral or written publication of material, if such material was published by or at the direction of the insured with knowledge of the material's falsity;

f. Dishonest, criminal or fraudulent acts of the insured or the willful failure by the insured or with the insured's consent to comply with any law or any governmental or administrative order or regulations relating to employment practices. Willful means acting with intentional or reckless disregard for such employment related laws, orders or regulations.

g. "Bodily Injury".

h. "Employment practices" which occur when or after:

(1) You file for or are placed in any bankruptcy, receivership, liquidation or reorganization proceeding or;

(2) Any other business entity acquires an ownership interest in you which is greater than fifty percent.

i. Lockout, strike, picket line, related worker replacement(s) or similar actions resulting from labor disputes or labor negotiations.

j. Any incident that is covered under another provision which forms a part of this policy or any other policy in which it is more specifically described.

SECTION II — LIMITS OF INSURANCE

1. The limits of insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:

a. Named Insureds;

b. "Civil Suits" brought; or

c. Persons or organizations bringing "civil suits".

2. The "Defense Expenses" Limit is the most we will reimburse for any one "civil suit" and for all "civil suits" to which this coverage applies.

3. If this insurance is in effect for a period of more than one year, the limits apply separately to each consecutive annual period and to any remaining period of less than 12 months starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION III — CONDITIONS

1. Duties in the Event of Claim

You must see to it that we are notified in writing as soon as practicable that a "civil suit" to which this insurance applies has been brought against you. Notice should include:

a. How, when and where the incident that resulted in a "civil suit" took place; and

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b. Copies of notices or other legal papers received in connection with the "civil suit".

c. Provide us with appropriate bills for all "defense expenses".

d. Cooperate with us in determining the amount of and evaluating the propriety of "defense expenses" you actually paid.

SECTION IV — DEFINITIONS

1. "Civil Suit(s)" means any civil proceeding in which either "damages" are alleged or fact finding will take place, when either the actual or alleged result of any "employment practice" is. This includes:

a. An arbitration proceeding in which such "damages" are claimed;

b. Any other alternative dispute resolution proceeding in which such "damages" are claimed; or

c. Any administrative proceeding established under applicable federal, state or local laws as may be applicable to "employment practices".

2. "Claimant" means the person making a covered claim or the person on whose behalf the EEOC or any other federal, state or local agency is making a covered claim.

3. "Defense Expense(s)" means necessary and reasonable legal fees, costs and expenses incurred by you as a result of an investigation, defense and appeal of a "civil suit". "Defense expense" shall not include your remuneration or overhead expenses.

4. "Employment Practice(s)" means any of the following actual or alleged practices which are directed against any of your "employees", "leased workers'", "temporary workers", former "employees" or any applicant for employment by you, and (ii) for which remedy is sought under any federal, state or local statutory or common civil employment law:

a. Wrongful refusal to employ a qualified applicant for employment;

b. Wrongful failure to promote, or wrongful deprivation of career opportunity;

c. Wrongful demotion, negligent evaluation, negligent reassignment or wrongful discipline;

d. Wrongful termination of employment, including retaliatory or constructive discharge;

e. Employment-related misrepresentation;

f. Harassment, coercion, discrimination or humiliation as a consequence of race, color, creed, national origin, marital status, medical condition, gender age, physical appearance, physical and/or mental impairments, pregnancy, sexual orientation or sexual preference, or any other protected class or characteristic established by any federal, state or local statute or ordinance.

g. Oral or written publication of material that slanders, defames or libels an "employee" or violates or invades an "employee's" right to privacy.

SECTION V — MAXIMUM LIMIT OF REIMBURSEMENT

The maximum limit of reimbursements is $5,000. This maximum limit of reimbursement is the most we will pay for "defense expense" as a result of "employment practices" that occur during the policy period, regardless of the number of "claimants" or number of "suits". All "employment practices" will be deemed to occur when the first of those practices allegedly occurred.

Covered claims made by more than one "claimant" that arise out of the same or series of related "employment practices" will be treated as a single "claim".

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TWO OR MORE POLICIES ISSUED BY US
ANTI STACKING ENDORSEMENT

BUSINESSOWNERS
BP 80 30 09 18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SECTION II — LIABILITY is amended as follows:

The following condition is added to Paragraph **E. Liability and Medical Expenses General Conditions:**

Two or More Policies Issued By Us

Regardless of the Limits of Insurance shown in the Declarations of this policy, if any named insured shown in the Declarations covered by this policy is also covered under any other policy issued by us or any company affiliated with us, then:

1. The most we will pay for all such "bodily injury" or "property damage" and medical expenses arising out of any one "occurrence" will be the highest applicable Limit of Insurance under any one policy; and

2. The most we will pay for all such "personal and advertising injury" arising out of any one offense will be the highest applicable Limit of Insurance under any one policy; and

3. If this policy does not represent the highest applicable Limit of Insurance for "bodily injury", "property damage" or "personal and advertising injury", then the insurance provided by this policy does not apply.

All other terms of the policy remain the same.

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CYBER INCIDENT EXCLUSION

BUSINESSOWNERS
BP 80 44 10 22

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

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Section I — Property is amended as follows:

A. The following exclusion is added to Paragraph **B. Exclusions.** Subject to the Exceptions And Limitations set forth in Paragraph **B.** of this exclusion, it limits all coverage under the coverage form and endorsements that comprise your Businessowners policy.

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

Cyber Incident

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

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

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

B. Exceptions And Limitations

1. Fire Or Explosion

If a cyber incident as described in this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

2. Additional Coverage

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the following Additional Coverages and Coverage Extensions, but only to the extent that Additional Coverage or Coverage Extension is included in your Businessowners policy:

a. Additional Coverage - Electronic Data;

b. Additional Coverage - Interruption Of Computer Operations;

c. Coverage Extension - Duplicate "Electronic Data" Coverage within the Electronic Information Systems Coverage Endorsement; or

d. Coverage Extension - Virus or Harmful Code within the Electronic Information Systems Coverage Endorsement.

3. Computer Fraud And Funds Transfer Fraud Endorsements

The exclusion in Paragraph **A.** does not apply to the Computer Fraud Endorsement and Funds Transfer Fraud Endorsement when attached to your Businessowners policy.

4. Equipment Breakdown

If a Cyber Incident as described in this exclusion results in an "accident" under Equipment Breakdown coverage provided by the Equipment Breakdown Endorsement, we will pay for the loss or damage caused by that "accident".

C. Vandalism.

The following is added to Vandalism:

Vandalism does not include a Cyber Incident as described in this exclusion.

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EXCLUSION - PERFLUOROALKYL AND POLYFLUOROALKYL SUBSTANCES (PFAS)

BUSINESSOWNERS
BP 80 52 09 23

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A.. The following exclusion is added to Paragraph **B. Exclusions** of **SECTION II - LIABILITY** :

This insurance does not apply to:

Perfluoroalkyl And Polyfluoroalkyl Substances

1. "Bodily injury", "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged, threatened or suspected inhalation, ingestion, absorption, consumption, discharge, dispersal, seepage, migration, release or escape of, contact with, exposure to, existence of or presence of any "perfluoroalkyl or polyfluoroalkyl substances".

2. Any loss, cost or expense arising out of, in whole or in part, the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, re-mediating or disposing of, or in any way responding to, or assessing the effects of, "perfluoroalkyl or polyfluoroalkyl substances", by any insured or by any other person or entity.

B. The following definition is added to Paragraph **F. Liability And Medical Expenses Definitions** of **SECTION II - LIABILITY** :

"Perfluoroalkyl or polyfluoroalkyl substances" means any:

1. Chemical or substance that contains one or more alkyl carbons on which hydrogen atoms have been partially or completely replaced by fluorine atoms, including but not limited to:

a. Polymer, oligomer, monomer or nonpolymer chemicals and their homologues, isomers, telomers, salts, derivatives, precursor chemicals, degradation products, or by-products;

b. Perfluoroalkyl acids (PFAA), such as perfluorooctanoic acid (PFOA) and its salts, or perfluorooctane sulfonic acid (PFOS) and its salts;

c. Perfluoropolyethers (PFPE);

d. Fluorotelomer-based substances; or

e. Side-chain fluorinated polymers; or

2. Good or product, including containers, materials, parts or equipment furnished in connection with such goods or products, that consists of or contains any chemical or substance described in Paragraph **B.1.**

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EXCLUSION — VIOLATION OF LAW ADDRESSING DATA PRIVACY (INCLUDING BIOMETRIC INFORMATION)

BUSINESSOWNERS
BP 80 53 09 23

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

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A. The following Paragraph is added to **Section II — Liability,** Paragraph **B. Exclusions**:

This insurance does not apply to:

Violation Of Law Addressing Data Privacy

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

1. Any action or omission that violates or is alleged to violate any current or future federal, state or local statute, ordinance, regulation, common law or other law that addresses, prohibits, or limits access to, use of or the recording, printing, dissemination, distribution, disclosure, obtaining, collecting, capturing, possessing, storing, protecting, safeguarding, retention, sending, transmitting, communicating, releasing, destruction, disposal, selling, leasing, purchasing trading of any other types for profit of any person's or organization's confidential or personal material or information including financial, health, "biometric information" or other nonpublic material or information, including but not limited to:

a. The Illinois Biometric Information Privacy Act (BIPA), including any amendment of or addition to such law; or

b. The California Consumer Privacy Act (CCPA), including any amendment of or addition to such law; or

2. Any law of a jurisdiction other than the United States of America (including its territories and possessions) or Puerto Rico that is similar to any statute, ordinance, regulation, common law or other law described in Paragraph **1.a.** above, including but not limited to the European Union's General Data Protection Regulation.

Paragraphs **1.** and **2.** above include the violation of any policies or practices enacted in support of such laws as well as violations of any subsequent rules or regulations promulgated thereunder.

B. The following is added to **SECTION II — Liability**, Paragraph **F. Liability And Medical Expenses Definitions**:

"Biometric information" means:

1. Any biometric identifier including but not limited to retina or iris scan, fingerprint, voiceprint or scan of hand or face geometry; or

2. Any information, regardless of how it is captured, converted, stored or shared, based on an individual's biometric identifier used to identify an individual.

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We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.



Secretary



President and CEO