

# e-CLAS Banner Page

**Environment: PRODUCTION**

22-043

INSURANCE ADVISORS, INC.  
15020 27TH AVE N STE 100  
PLYMOUTH, MN 55447-4891

**Policy Number:** EBP 003 13 16

**Effective Date:** 11-01-2008

**Named Insured:** WYNSTONE TOWNHOMES ASSOCIATION

**Agency:** INSURANCE ADVISORS, INC. 22-043

**Thank you for placing this coverage with The Cincinnati Insurance Companies!**

## **Premium**

BOP 7,408 ANNUAL/INSTALLMENT  
PROF 324 ANNUAL/INSTALLMENT  
48 MN .65% FIRE SAFETY SURCHARGE

## **Commission**

15%  
15%  
0%

# THE CINCINNATI INSURANCE COMPANIES

THE CINCINNATI INSURANCE COMPANY  
THE CINCINNATI CASUALTY COMPANY

THE CINCINNATI INDEMNITY COMPANY  
THE CINCINNATI LIFE INSURANCE COMPANY

P.O. BOX 145496  
CINCINNATI, OHIO 45250-5496  
(513) 870-2000

Date: 11-18-2008

Insured: WYNSTONE TOWNHOMES ASSOCIATION

Policy Number: EBP 003 13 16

Dear Agent,

One or more of the classifications on the above captioned policy is a Lessors Risk Only class.

You and your clients benefit when you identify situations where they can reduce or even avoid loss by legitimately transferring risk to a party in the best position to prevent loss. When your client owns a building occupied by a tenant(s), we strongly suggest that:

- Your client have all tenants sign a written lease agreement with anti-subrogation wording, indemnification terms and hold harmless provisions favorable to your client and acceptable under state law;
- The written lease agreement requires that your client be added as an additional insured on a primary basis on the tenant's CGL; and
- The written lease agreement requires minimum general liability limits of \$1,000,000/\$2,000,000 with a per location general aggregate that names all locations owned by your client and rented by the tenant.

We also suggest that:

- Your client obtain certificates of insurance to confirm their additional insured status.

This is a valuable professional service you can provide to your clients and one that may separate you from your competition. Proper risk transfer can help protect your client's assets and may help them avoid being brought into litigation over damages for which someone else is responsible.

You should also always advise your client to seek the opinion of their own legal counsel when developing and assessing contracts to make sure your client's interests are protected.

Cordially,

Your Commercial Lines Department Underwriter

Date: 11-18-2008

Insured: WYNSTONE TOWNHOMES ASSOCIATION

Policy Number: EBP 003 13 16

Dear Agent:

The captioned policy has been issued with the following additional liability exclusion(s)/conditions(s):

- Exterior Insulation and Finish Systems (EIFS) and Direct Applied Exterior Finish Systems (DEFS) Liability Exclusion
- Fungi or Bacteria Liability Exclusion
- Bodily Injury and /or Property Damage Deductible
- Lead Liability Exclusion
- Bodily Injury and/or Property Damage Fungi or Bacteria Deductible

Please be sure that the insured understands the above.

Cordially,

Commercial Lines Department

# **Businessowners Package Policy**



**THE  
CINCINNATI INSURANCE COMPANIES**

MAILING ADDRESS: P.O. Box 145496, Cincinnati, Ohio 45250-5496

HOME OFFICE: 6200 S. Gilmore Road, Fairfield, Ohio 45014-5141

*Making our strength your future*

# THE CINCINNATI INSURANCE COMPANY

P.O. BOX 145496  
CINCINNATI, OHIO 45250-5496  
513-870-2000  
A Stock Insurance Company

## BUSINESSOWNERS PACKAGE POLICY DECLARATIONS

Previous Policy Number  
NEW

**Policy Number**   EBP 003 13 16

**Billing Method**   AGENCY BILL

**Policy Period**   **From:** 11-01-2008   **To:** 11-01-2011

12:01 A.M. Standard Time at Location of Premises

**Named Insured and Mailing Address**

WYNSTONE TOWNHOMES ASSOCIATION  
15780 FENWICK CIRCLE  
EDEN PRAIRIE, MN 55344

**Legal Entity/Business Description**

ORGANIZATION (ANY OTHER)

**LOCATION OF PREMISES**

<u>Loc. No.</u>	<u>Bldg. No.</u>	<u>Address</u>
1	1	13696 FENWICK CIR # 13700 EDEN PRAIRIE, MN 55346-3027
2	1	13712-13716 FENWICK CIR EDEN PRAIRIE, MN 55346-3008
3	1	13712-13716 FENWICK CIR EDEN PRAIRIE, MN 55346-3008
4	1	13664-13668 FENWICK CIR EDEN PRAIRIE, MN 55346-3027
5	1	13728-13732 FENWICK CIR EDEN PRAIRIE, MN 55346-3008
6	1	13616-13620 FENWICK CIR EDEN PRAIRIE, MN 55346-3027
7	1	13648-13652 FENWICK CIR EDEN PRAIRIE, MN 55346-3027
8	1	13760-13764 FENWICK CIR EDEN PRAIRIE, MN 55346-3008
9	1	13776-13780 FENWICK CIR EDEN PRAIRIE, MN 55346-3008
10	1	13600-13604 FENWICK CIR EDEN PRAIRIE, MN 55346-3027
11	1	13744-13748 FENWICK CIR EDEN PRAIRIE, MN 55346-3008
12	1	13632-13636 FENWICK CIR EDEN PRAIRIE, MN 55346-3027

**POLICY COVERAGES**

In return for the payment of the premium, and subject to all other terms of this policy, we agree with you to provide the insurance as stated in this policy.

**SECTION I PROPERTY**

<u>Buildings</u>						<u>Business Personal Property</u>			<u>Optional Coverages</u> Applicable only when an entry is made		
Loc. No.	Bldg. No.	Limit of Insurance	Actual Cash Value	Repl. Cost	Auto. Increase	Limit of Insurance	Actual Cash Value	Repl. Cost	<u>Equipment Breakdown</u>		
									Comprehensive Coverage - Accident	Comprehensive Coverage with Extended Comprehensive Coverage - Accident	Tenant's Glass
1	1	500,000		X	2%						
2	1	500,000		X	2%						

**SECTION I - PROPERTY (CONTINUED)**

<b>Buildings</b>						<b>Business Personal Property</b>			<b>Optional Coverages</b> Applicable only when an entry is made		
Loc. No.	Bldg. No.	Limit of Insurance	Actual Cash Value	Repl. Cost	Auto. Increase	Limit of Insurance	Actual Cash Value	Repl. Cost	<b>Equipment Breakdown</b>		
									Comprehensive Coverage - Accident	Comprehensive Coverage with Extended Comprehensive Coverage - Accident	Tenant's Glass
3	1	500,000		X	2%						
4	1	500,000		X	2%						
5	1	500,000		X	2%						
6	1	500,000		X	2%						
7	1	500,000		X	2%						
8	1	500,000		X	2%						
9	1	500,000		X	2%						
10	1	500,000		X	2%						
11	1	500,000		X	2%						
12	1	500,000		X	2%						

\$ 5,000 Deductible (Refer to Deductible provisions in the Coverage Form for deductible exceptions).

**SECTION II BUSINESS LIABILITY LIMITS OF INSURANCE**

Each Occurrence Limit	\$ 1,000,000	Any one occurrence
General Aggregate Limit	\$ 2,000,000	
Products - Completed Operations Aggregate Limit	\$ 2,000,000	
Personal and Advertising Injury Limit	\$ 1,000,000	Any one person or organization
Damage to Premises Rented to You Limit	\$ 1,000,000	Any one premises
Medical Expenses Limit	\$ SEE IB207	Any one person

**OPTIONAL COVERAGES** - Coverage is afforded only where an entry  is made in the boxes below

- Businessowners Package Policy Blanket Basket Endorsement (Per form attached)
- Earthquake Coverage (Per form attached)
- Professional Liability (Per form attached)
- Umbrella Liability (Per form attached)

**FORMS AND ENDORSEMENTS ATTACHED AT INCEPTION**

IB101	05/06	IB493	07/07	IA4089	11/01	IA4094MN	02/95
IA4226	03/02	IA4236	01/08	IB441MN	07/00	IP446	08/01
IA4238	01/08	IA4191	09/04	GB308	09/04	IB207	09/04
IB446	02/98	IB490	11/05	PB207	04/06	CB301	09/04
AB202	09/04						

**MORTGAGE HOLDER**

Loc. No.	Bldg. No.	Name and Address
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**TOTAL ANNUAL PREMIUM** \$ 7,763

Includes \$ 58 for Terrorism Coverage

MN .65% Fire Safety Surcharge 48

Payable \$ 1,945 Each 3 Months

AGENT'S SIGNATURE: \_\_\_\_\_ COUNTERSIGNATURE DATE: \_\_\_\_\_

INSURANCE ADVISORS, INC. 22-043  
PLYMOUTH, MN

11-18-2008 15:22

# BUSINESSOWNERS PACKAGE POLICY

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# BUSINESSOWNERS PACKAGE POLICY

## SECTION I - PROPERTY

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION I - PROPERTY, H. Property Definitions.**

### A. Coverages

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

#### 1. Covered Property

Covered Property means 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 **SECTION I - PROPERTY, A Coverages, 2. Property Not Covered.**

**a.** Buildings, meaning the buildings and structures at the "premises", including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery;
  - (b) Equipment;
  - (c) Signs;
  - (d) Awnings and canopies; and
  - (e) Building glass, including any lettering and ornamentation, as provided in **SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, f. Glass;**
- (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 1,000 feet of the "premises", used for making additions, alterations or repairs to the buildings or structures;
- b.** Business Personal Property located in or on the buildings at the "premises" or in the open (or in a vehicle) within 1,000 feet of the "premises", including:
- (1) Property you own that is used in your business;
  - (2) Personal Property of others that is in your care, custody or control or for which you are legally liable.
    - (a) This does not include personal effects owned by you, your officers, your partners, your "members", your "managers", or your employees, (including leased and temporary workers) except to the extent provided in **SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, m. Personal Effects;**

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- (b) This does not include personal property of others for which you are legally liable as:
  - 1) A carrier for hire; or
  - 2) An arranger of transportation, including carloaders, consolidators, brokers, freight forwarders, or shipping associations;
- (3) The cost of labor, materials or services furnished or arranged by you on personal property of others;
- (4) 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;
- (5) Leased personal property used in your business for which you have a contractual responsibility to insure. Such leased property is not considered personal property of others in your care, custody or control;
- (6) Sales samples.

## 2. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. Accounts, bills, currency, deeds, food stamps, other evidences of debt, "money", notes, "securities", or accounts receivable except as provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages**;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops or lawns;
- e. Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to

buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages** or **6. Coverage Extensions**;

- f. Watercraft (including motors, equipment and accessories) while afloat;
- g. The cost to research, replace or restore the information on "valuable papers and records", including those which exist as "electronic data" except as provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages**. This does not apply to "valuable papers and records" held for sale by you;
- h. Animals except animals held for sale or delivery after sale;
- i. "Electronic data", except as provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, h. Electronic Data Processing Property**. This Paragraph i. does not apply to prepackaged software while held by you as "stock".

## 3. Covered Causes of Loss

Risks of Direct Physical Loss unless the "loss" is:

- a. Excluded in **SECTION I - PROPERTY, B. Exclusions**; or
- b. Limited in **SECTION I - PROPERTY, A. Coverages, 4. Limitations**.

## 4. Limitations

- a. We will not pay for "loss" to property as described and limited in (1) through (5) below. In addition, we will not pay for any "loss" that is a consequence of "loss" as described and limited in (1) through (5) below:
  - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. However, we will pay for "loss" 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

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event inside such boilers or equipment, other than an explosion;

(3) Property that is missing, where the only evidence of the "loss" 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 **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, o. Money and Securities**;

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

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

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

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

b. The special limit shown for each category, **b.(1)** through **b.(4)**, is the most we will pay for "loss" by theft to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

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

(2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones and bullion. The limit does not apply to jewelry and watches worth \$100 or less per item;

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

(4) \$2,500 for gold, silver and other precious alloys or metals.

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

This limitation, **4.b.**, does not apply to Business Income coverage or to Extra Expense coverage.

## 5. Additional Coverages

### a. Accounts Receivable

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

(1) When you sustain "loss" to your accounts receivable records caused by a Covered Cause of Loss, 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 the "loss"; and

(d) Other reasonable expenses that you incur to re-establish your records of accounts receivable.

The most we will pay for "loss" under this Additional Coverage is \$25,000 in any one occurrence for each "premises" unless otherwise endorsed hereon.

This is an additional Limit of Insurance.

(2) Coverage does not apply to:

(a) Records of accounts receivable in storage away from your "premises", except as provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, a. Accounts Receivable, (3)**; or

(b) Contraband, or property in the course of illegal transportation or trade.

(3) We will extend coverage to include:

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**(a) Removal:**

If you give us written notice within 30 days of removal of your records of accounts receivable because of imminent danger of "loss" from a Covered Cause of Loss, we will pay for "loss" while they are:

- 1) At a safe place away from your "premises"; or
- 2) Being taken to and returned from that place.

This Removal coverage is included within the Limit of Insurance applicable to the "premises" from which the records of accounts receivable are removed.

**(b) Away From Your Premises:**

We will pay up to \$5,000 in any one occurrence, regardless of the number of locations, for "loss" caused by a Covered Cause of Loss to Accounts Receivable while they are away from your "premises" unless otherwise endorsed hereon.

This is an additional Limit of Insurance.

**(4) SECTION I - PROPERTY, B. Exclusions** does not apply to this Additional Coverage, except for:

- (a) Paragraph B.1.c., Governmental Action;**
- (b) Paragraph B.1.d., Nuclear Hazard;**
- (c) Paragraph B.1.f., War and Military Action; and**
- (d) Paragraph B.2.g., False Pretense.**

**(5) In addition to the Exclusions in Paragraph (4) of this Additional Coverage, we will not pay for "loss" resulting from any of the following:**

- (a) Dishonest or criminal acts by you, anyone else with an interest in the records of accounts receivable, or any of your or their partners, employees (including leased and temporary workers), directors,**

trustees, authorized representatives, your "members" or "managers", or anyone to whom you entrust the property for any purpose:

- 1) Acting alone or in collusion with others; or
- 2) Whether or not occurring during the hours of employment.

However, this Paragraph **(5)(a)** does not apply to dishonest acts of a carrier for hire.

- (b) 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.

- (c) Bookkeeping, accounting or billing errors or omissions.**
- (d) Electrical or magnetic injury, disturbance or erasure of "electronic data" that is caused by or results from:**

- 1) Programming errors or faulty machine instructions;
- 2) Faulty installation or maintenance of data processing equipment or component parts;
- 3) An occurrence that took place more than 100 feet from your "premises"; or
- 4) Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 100 feet from your "premises".

But we will pay for direct "loss" caused by lightning.

- (e) A "loss" that requires any audit of records or any inventory computation to prove its factual existence.**

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**(6) Determination of Receivables:**

**(a)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of "loss", the following method will be used:

- 1)** Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the "loss" occurs; and
- 2)** Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the "loss" occurred or for any demonstrated variance from the average for that month.

**(b)** The following will be deducted from the total amount of accounts receivable, however that amount is established:

- 1)** The amount of the accounts for which there is no "loss"; and
- 2)** The amount of the accounts that you are able to reestablish or collect; and
- 3)** An amount to allow for probable bad debts that you are normally unable to collect; and
- 4)** All unearned interest and service charges.

**b. Building Laws Safeguard**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

**(1)** The coverage provided by this Additional Coverage applies only if the conditions in both **b.(1)(a)** and **b.(1)(b)** are met and then subject to the qualifications set forth in Paragraph **b.(1)(c)**.

**(a)** The ordinance or law must:

- (1)** Regulate the demolition, construction or repair of buildings or structures, or

establish zoning or land use requirements at the "premises"; and

**(2)** Be in force at the time of "loss".

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

**(b)** The building sustains:

**1)** Direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

**2)** Both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

**3)** But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

**(c)** In the situation described in **b.(1)(b)2)** above, we will not pay the full amount of loss otherwise payable under the terms of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in en-

enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of this Additional Coverage.

(2) With respect to the building or structure that has sustained covered direct physical damage, we will pay:

(a) For the loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building or structure;

(b) The cost to demolish and clear the site of undamaged parts of the same building or structure as a consequence of enforcement of an ordinance or law that requires demolition of such damaged property; and

(c) The increased cost to:

- 1) Repair or reconstruct damaged portions of that building or structure; and /or
- 2) Reconstruct or remodel undamaged portions of that building or structure, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

- 1) This increased cost of construction applies only if the restored or remodeled building or structure is intended for occupancy similar to the building or structure it replaces, 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 or structure is not repaired,

reconstructed or remodeled.

(d) The increased cost to repair or reconstruct the following:

- 1) The cost of excavations, grading, backfilling and filling;
- 2) Foundation of the building;
- 3) Pilings; and
- 4) Underground pipes, flues and drains.

The most we will pay for "loss" for each "premises" under this Additional Coverage is \$25,000 unless otherwise endorsed hereon.

This is an additional Limit of Insurance.

(3) We will not pay for:

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

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

(c) "Loss" due to any ordinance or law with which:

- 1) You were required to comply before the "loss", even if the building was undamaged; and
- 2) You failed to comply.

### c. Business Income

#### (1) Actual Loss Sustained Business Income

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**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

- (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" to property at a "premises" caused by or resulting from any Covered Cause of Loss. With respect to "loss" to personal property in the open or personal property in a vehicle, the "premises" include the area within 1,000 feet of the site at which the "premises" are located.
- (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".
- (c) Business Income means the:
  - 1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical "loss" 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;
  - 2) Continuing normal operating expenses incurred, including payroll; and
  - 3) Rental Value, meaning:
    - a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the "premises" as furnished

and equipped by you, including fair rental value of any portion of the "premises" which is occupied by you; and

- b) Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations.

## (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 sustain during the period that:
  - 1) Begins on the date property, except finished "stock", is actually repaired, rebuilt or replaced and "operations" are resumed; and
  - 2) Ends on the earlier of:
    - a) 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" had occurred; or
    - b) 60 consecutive days after the date determined in (a)1) above.

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

- (b) Loss of Business Income must be caused by direct

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physical "loss" at the "premises" caused by or resulting from any Covered Cause of Loss.

This Additional Coverage - Business Income, is not subject to the Limits of Insurance.

**d. Business Income From Dependent Properties**

- (1) We will pay for the actual loss of Business Income you sustain due to physical "loss" at the premises of a dependent property caused by or resulting from any Covered Cause of Loss.

However, this Additional Coverage does not apply when the only "loss" to dependent property is "loss" to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains "loss" 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 in any one occurrence for each dependent property location.

- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
- (a) Source of materials; or
  - (b) Outlet for your products.
- (3) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4) Dependent property means property owned by others whom you depend on to:
- (a) Deliver materials or services to you, or to others for your account. But, services does not mean water, communication or power supply services;

- (b) Accept your products or services;
- (c) Manufacture your products for delivery to your customers under contract for sale; or
- (d) Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.

- (5) The coverage period for Business Income under this Additional Coverage:
- (a) Begins immediately after the time of direct physical "loss" caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
  - (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (6) The Business Income coverage period, as stated in Paragraph (5), does not include any increased period required due to the enforcement of any ordinance or law that:
- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- The expiration date of this policy will not reduce the Business Income coverage period.
- (7) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

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**e. Change in Temperature or Humidity**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

We will pay for "loss" to your covered Business Personal Property caused by a change in temperature or humidity or contamination by refrigerant resulting from damage by a Covered Cause of Loss to equipment used for refrigerating, cooling, humidifying, dehumidifying, air conditioning, heating, generating or converting power (including their connections and supply or transmission lines and pipes) when located on the "premises". However, Change in Temperature or Humidity does not apply to "loss" caused by a Covered Cause of Loss under **SECTION I - PROPERTY, G. Optional Coverages, 1. Equipment Breakdown.**

This Additional Coverage - Change in Temperature or Humidity, will not increase the Limits of Insurance.

**f. Civil Authority**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

- (1) We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur caused by action of civil authority that prohibits access to your "premises" due to direct physical "loss" to property, other than at your "premises", caused by or resulting from any Covered Cause of Loss.
- (2) The coverage for Business Income and necessary Extra Expense will begin immediately after the time of that action and will apply for a period of up to 30 consecutive days after coverage begins.
- (3) 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.

This Additional Coverage - Civil Authority, is not subject to the Limits of Insurance.

**g. Collapse**

(1) With respect to buildings:

- (a) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
- (b) A building or any part of a building that is in imminent danger of collapse is not considered to be in a state of collapse;
- (c) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;
- (d) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

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

- (a) The "specified causes of loss" or breakage of building glass, all only as insured against in this policy;
- (b) Decay that is hidden from view, unless the presence of such decay is known or should reasonably have been known to an insured prior to collapse;
- (c) Insect or vermin damage that is hidden from view, unless the presence of such damage is known or should reasonably have been known to an insured prior to collapse;
- (d) Weight of people or personal property;
- (e) Weight of rain that collects on a roof;

- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of "loss" listed in **g.(2)(a)** through **g.(2)(e)** of this Additional Coverage, we will pay for the "loss" even if the use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.

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

- (3) If the following is Covered Property under this policy:
  - (a) Awnings;
  - (b) Gutters and downspouts;
  - (c) Yard fixtures;
  - (d) Outdoor swimming pools;
  - (e) Piers, wharves and docks;
  - (f) Beach or diving platforms, including their appurtenances;
  - (g) Retaining walls; and
  - (h) Walks, roadways and other paved surfaces;

we will pay for "loss" caused by its collapse, if such "loss" is a direct result of the collapse of Covered Property. That building collapse must be caused by a cause of "loss" listed in **g.(2)(b)** through **g.(2)(f)** of this Additional Coverage.

- (4) If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building or structure, we will pay for "loss" to Covered Property caused by such collapse of personal property only if:

- (a) The collapse was caused by a cause of loss listed in **g.(2)(a)** through **g.(2)(f)** of this Additional Coverage;
- (b) The personal property that collapses is inside a building; and
- (c) The property that collapses is not of a kind listed in **g.(3)** of this Additional Coverage, regardless of whether that kind of property is considered to be personal property or real property.

However, the coverage stated in **(4)** of this Additional Coverage does not apply to personal property if marring and / or scratching is the only damage to that personal property caused by the collapse.

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

- (5) This Additional Coverage - Collapse, will not increase the Limits of Insurance.

#### **h. Electronic Data Processing Property**

- (1) We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

The most we will pay for "loss" under this Additional Coverage is \$10,000 for each "premises" for electronic data processing property unless otherwise stated or endorsed hereon.

This is an additional Limit of Insurance.

- (a) As respects this Additional Coverage, Covered Property means:

- 1) Your Data Processing Equipment;
- 2) Air conditioning, and other electrical equipment used exclusively with your data processing equipment;
- 3) Programming documentation and instruction manuals;

- 4) "Electronic data";
- 5) Media, meaning material on which "electronic data" is recorded, such as magnetic tapes, disc packs, paper tapes and cards, floppy discs and compact discs used in processing units; and
- 6) Property of others in your care, custody or control that is similar to property described in (a)1 through (a)5 above.

(b) Covered Property does not include:

- 1) Accounts, records, documents and other "valuable papers and records", unless they are programming documentation or instruction manuals.

However, we will cover these items once they are converted to "electronic data" form;

- 2) "Electronic data" or media that cannot be replaced with similar property of equal quality;
- 3) Your property that you have rented or leased to someone else and is not at your "premises";
- 4) Contraband, or property in the course of illegal transit or trade.

(c) Coverage Extensions:

Each of these Coverage Extensions is additional insurance.

1) **Duplicate and Backup "Electronic Data"**

We will pay for "loss" resulting from any of the Covered Causes of Loss to duplicate and backup "electronic data" that you store at another location up to your Electronic Data Processing Property Limit if such "electronic

data" is not covered under another policy.

2) **Debris Removal**

As respects this Additional Coverage only, **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, i. Debris Removal** is replaced by the following:

We will pay for your expense to remove debris of Covered Property that is caused by or results from a Covered Cause of Loss that occurs during the Policy Period. However, we will not pay for your expense to:

- a) Extract "pollutants" from land or water; or
- b) Remove, restore or replace polluted land or water.

The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical "loss".

The most we will pay to remove debris of Electronic Data Processing Property Covered Property is \$50,000 in any one "loss".

3) **Newly Acquired Electronic Data Processing Property**

We will pay up to your Electronic Data Processing Property Limit for newly acquired covered property, at your "premises" or at a newly acquired location. However, in no event shall we pay more than \$250,000 under (c)3) for any one "loss".

You will report such newly acquired property, or Covered Property already insured by this

policy which is moved to a newly acquired location, to us within 180 days from the date the Covered Property is acquired or moved, as the case may be, and pay any additional premium due.

If you do not report such property or movement of property, coverage will cease automatically after the 180 days has elapsed.

(d) We will provide coverage:

- 1) While in transit;
- 2) While away from your "premises".

The most we will pay is your Electronic Data Processing Property Limit.

(e) **SECTION I - PROPERTY, B. Exclusions** does not apply except for:

- 1) Paragraph **B.1.c., Governmental Action**;
- 2) Paragraph **B.1.d., Nuclear Hazard**;
- 3) Paragraph **B.1.f., War and Military Action**;
- 4) Paragraph **B.2.b., Delay or Loss of Use**;
- 5) Paragraph **B.3.b., Acts or Decisions**; and
- 6) Paragraph **B.3.c., Defects, Errors, and Omissions**.

(f) In addition to **SECTION I - PROPERTY, A. Coverages, 4. Limitations** and the Exclusions in Paragraph (e) of this Additional Coverage, we will not pay for "loss" resulting from any of the following:

- 1) A change in the electrical power supply to the equipment that occurs more than 1,000 feet off "premises". This includes interruption, power surge, black- or brown-outs and

other interruptions of normal service.

2) Dishonest or criminal acts by you, anyone else with an interest in the property, any of your or their partners, directors, trustees, authorized representatives, your "members" or "managers", or anyone to whom you entrust the property for any purpose, except employees (including leased and temporary workers):

a) Acting alone or in collusion with others; or

b) Whether or not occurring during the hours of employment.

3) Wear and tear, hidden or latent defect or gradual deterioration.

(2) Definitions:

The following definition applies only to this Additional Coverage **h. Electronic Data Processing Property**:

Normal means the condition that existed had no "loss" occurred.

(3) As respects this Additional Coverage only, **SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment** is replaced by the following:

In the event of "loss" covered by this policy:

(a) We will determine the value of your data processing equipment, air conditioning and other electrical equipment, documentation and manuals, media and property of others as follows:

- 1) If you repair or replace this Electronic Data Processing Property within a reasonable time following the "loss", the property will be valued at the full cost of repair or replacement.

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However, the most we will pay is the least of the following:

- a) The actual cost to repair or restore the property with materials of like kind and quality;
  - b) The cost of replacing that property with property of similar quality and function;
  - c) The amount you actually and necessarily spend to repair or replace the property; or
  - d) The Limit of Insurance applicable to the property.
- 2) If you do not repair or replace this property within a reasonable time following a "loss", the most we will pay will be the least of the following:
- a) "Actual cash value" of the property;
  - b) "Actual cash value" of repairs with material of like kind and quality; or
  - c) The Limit of Insurance applicable to the property.

We reserve the right to repair or replace the property or to pay for the property in "money".

In the event of "loss", the value of property will be determined as of the time of "loss".

- (b) We will not pay more than the actual reproduction costs of your "electronic data". If you do not replace or reproduce your "electronic data" following the "loss", the most we will pay is the cost of blank media as described in **(1)(a)5** of this Additional Coverage.

- (4) You must maintain the protective safeguards stated by you to be in effect at your "premises" when this coverage began.

If you fail to keep the protective safeguards:

- (a) In working condition at your "premises"; and
- (b) In operation when you are closed to business;

coverage for which the protective safeguards applies is automatically suspended at that "premises" if you fail to notify us immediately. This "suspension" will last until the equipment or services are back in operation.

**i. Debris Removal**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

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

we pay for direct physical "loss" to the Covered Property that has sustained "loss".

- (4) We will pay up to an additional \$10,000 for debris removal expense, for each "premises", in any one occurrence of physical "loss" 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" exceeds the Limit of Insurance on the Covered Property that has sustained "loss".
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical "loss" to the Covered Property that has sustained "loss".

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

**(5) Examples**

**Example #1**

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

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

**Example #2**

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

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

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

**j. Employee Dishonesty**

- (1) We will pay for direct loss of or damage to Business Personal Property, including "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:
- (a) Cause you to sustain loss or damage; and also

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(b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:

- 1) Any employee; or
- 2) Any other person or organization intended by the employee to receive that benefit.

(2) Exclusions:

The following Exclusions apply to this Additional Coverage and are in addition to those set out in **SECTION I - PROPERTY, B. Exclusions** of this policy. We will not pay for:

- (a) Loss 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.
- (b) Loss resulting from any dishonest act committed by any of your employees (except as provided in Paragraph (1) above), "managers" or directors;
  - 1) Whether acting alone or in collusion with other persons; or
  - 2) While performing services for you or otherwise.
- (c) Loss if the only proof of its existence or amount is:
  - 1) An inventory computation; or
  - 2) A profit and loss computation.
- (d) Loss that is an indirect result of any act or 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 to Covered Property.

2) Payment of damages of any type for which you are legally liable. However, we will pay compensatory damages arising directly from loss covered by this insurance.

3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss except as provided by **SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, g. Inventory or Appraisal** of this policy.

(e) Expenses related to any legal action.

(3) The most we will pay for loss or damage under this Additional Coverage is \$10,000 in any one occurrence unless otherwise endorsed hereon.

This is an additional Limit of Insurance.

(4) Definitions:

The following definitions apply only to this Additional Coverage, **j. Employee Dishonesty**:

(a) Employee means:

- 1) Any natural person:
  - a) While in your service (and for 30 days after termination of service); and
  - 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; or
- 2) Any natural person employed by an employment contractor while that person is subject to your direction and control and

performing services for you excluding, however, any such person while having care and custody of property outside the "premises".

- 3)** However, employee does not mean any:
- a)** Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
  - b)** Director, trustee or non-compensated elected officer or trustee except while performing acts coming within the scope of the usual duties of any employee.

**Note:** The definition of employee is modified in Paragraph **(10)** of this Additional Coverage, as it applies to the Employee Retirement Income Security Act (ERISA).

- (b)** Occurrence means all loss caused by or involving one or more employees, whether the result of a single act or a series of acts.

- (5)** If any loss is covered:

- (a)** Partly by this insurance; and
- (b)** 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.

- (6)** This Additional Coverage does not apply or is cancelled as to any employee:

- (a)** 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 whether before or after becoming employed by you; or

- (b)** On the date specified in a notice mailed to you. That date will be at least 30 days after the date of mailing. The mailing of notice to you at your last known address will be sufficient proof of notice. Delivery of notice is the same as mailing.

- (7)** We will only pay for an insured loss or damage sustained during the Policy Period and discovered no later than one year from the end of the Policy Period.

- (8)** If you (or any predecessor in interest) sustained loss or damage during the 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 Additional Coverage, provided:

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

- (b)** The loss or damage would have been insured by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- (9)** The insurance under Paragraph **(8)** above is part of, not in addition to, the Limit of Insurance applying

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to this Additional Coverage and is limited to the lesser of the amount recoverable under:

- (a) This Additional Coverage as of its effective date; or
  - (b) The prior insurance had it remained in effect.
- (10) If you have a welfare and pension plan which is subject to the Employee Retirement Income Security Act (ERISA), the following additional provisions apply:
- (a) In compliance with certain provisions of the Employee Retirement Income Security Act (ERISA):
    - 1) If any plan is insured jointly with any entity under this insurance, you or the plan administrator must select a Limit of Insurance for the Employee Dishonesty coverage that is sufficient to provide an amount of insurance for each plan that is at least equal to that required if each plan were separately insured. Your failure to comply with this provision will cause the Limit of Insurance specified in Paragraph **j.(3)** of this Additional Coverage to apply to claims under this paragraph.
    - 2) If the insured first named in the Declarations is an entity other than a plan, any payment we make to that insured for loss sustained by any plan covered under this paragraph, will be held by that insured for the use and benefit of the plan(s) sustaining the loss.
    - 3) If two or more plans are insured under this insurance, any payment we make for loss:
      - a) Sustained by two or more plans; or
      - b) Of commingled funds or other prop-

erty of two or more plans that arise out of one occurrence;

is to be shared by each plan sustaining loss in the proportion that the amount of insurance required for each such plan under ERISA provisions bears to the total of those amounts as purchased under the provisions of Paragraph **(10)(a)1** above.

- 4) **SECTION I - PROPERTY, D. Deductibles** does not apply to loss sustained by any plan subject to ERISA which is insured under this policy.
- 5) The word employee, as used in regard to any claim presented under this Paragraph **(10)** shall also include any natural person who is a fiduciary of any Employee Welfare or Pension Benefit Plan covered under this policy and every natural person or plan official who handles funds or other property of such plan, including a director or trustee or person in a similar capacity of the insured while such director or trustee or person in a similar capacity is engaged in handling funds or other property of any Employee Welfare or Pension Benefit Plan owned, controlled or operated by the insured or any natural person who is trustee, manager, officer or employee of such plan.

**(11) SECTION I - PROPERTY, E. Property Loss Conditions** is amended as follows as it relates to this Additional Coverage:

- (a) Paragraph **3.a.(1)** does not apply to this Additional Coverage.

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(b) Paragraph 3.a.(7) is deleted and replaced with the following:

(7) Give us a detailed, sworn Proof of Loss within sixty (60) days of your discovery of loss. We will provide you with the necessary blank Proof of Loss once you give us notice of a loss as required by Paragraph 3.a.(2).

(c) Paragraph 4. is deleted and replaced with the following:

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

- 1) Unless you have complied with all the terms of this insurance; and
- 2) Until 90 days after you have filed Proof of Loss with us; and
- 3) Unless brought within 2 years from the date you discover the loss.

(d) Paragraph 5.b. does not apply to this Additional Coverage.

(e) Paragraph 5.e. does not apply to this Additional Coverage.

(f) Paragraph 5.f. does not apply to this Additional Coverage.

(g) Paragraph 5.g. does not apply to this Additional Coverage.

(12) Recoveries:

(a) Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this policy will be distributed as follows:

- 1) To you, until you are reimbursed for any loss that exceeds the Limit of Insurance and the Deductible Amount, if any;
- 2) Then to us, until we are reimbursed for the settlement made;

3) Then to you, until you are reimbursed for that part of loss equal to the Deductible Amount, if any.

(b) Recoveries do not include any recovery:

- 1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- 2) Of original "securities" after duplicates of them have been issued.

#### k. Extra Expense

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

(1) We will pay the necessary Extra Expense you incur during the "period of restoration" caused by or resulting from a Covered Cause of Loss that you would not have incurred if there had been no direct physical "loss" to property at the "premises", including personal property in the open, or in a vehicle, within 1,000 feet of the "premises".

(2) Extra Expense means expense you incur:

(a) To avoid or minimize the "suspension" of business and to continue "operations":

- 1) At the "premises"; or
- 2) At a replacement location or a temporary location, including:

a) Relocation expenses; and

b) Costs to equip and operate the replacement or temporary location;

(b) To minimize the "suspension" of business if you cannot continue "operations";

(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 **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, c. Business Income.**

If any property obtained for temporary use during the "period of restoration" remains after the resumption of normal "operations", the salvage value of that property shall be taken into consideration in the adjustment of the loss.

- (3) We will only pay for Extra Expense that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical "loss".

This Additional Coverage - Extra Expense, is not subject to the Limits of Insurance.

#### **I. Fire Department Service Charge**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$5,000 in any one occurrence for each "premises" for your liability, which is determined prior to "loss", for fire department service charges:

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

This is an additional Limit of Insurance.

#### **m. Forgery or Alteration**

- (1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.

- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

- (3) The most we will pay for loss under this Additional Coverage is \$2,500 in any one occurrence, unless otherwise endorsed hereon.

This is an additional Limit of Insurance.

- (4) The following definition applies only to this Additional Coverage, **m. Forgery or Alteration:**

Occurrence means all loss caused by any person or in which that person is involved, whether loss involves one or more of the instruments described in (1) above.

#### **n. Money Orders and Counterfeit Paper Currency**

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

(a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(b) "Counterfeit" paper currency that is acquired during the regular course of business.

- (2) The most we will pay for loss under this Additional Coverage is \$10,000 in any one occurrence.

This is an additional Limit of Insurance.

- (3) The following definition applies only to this Additional Coverage, **n. Money Orders and Counterfeit Paper Currency:**

Occurrence means an act or series of related acts involving one or more persons, or an act or a series of related acts or events not involving any person.

**o. Money and Securities**

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

- (a) Theft, meaning any act of stealing;
- (b) Disappearance; or
- (c) Destruction.

(2) In addition to **SECTION I - PROPERTY, A. Coverages, 4. Limitations** and **SECTION I - PROPERTY, B. Exclusions**, we will not pay for loss:

- (a) Resulting from accounting or arithmetical errors or omissions; or
- (b) Resulting from dishonest or criminal acts by you, anyone else with an interest in the property, any of your or their partners, employees (including leased and temporary workers), directors, authorized representatives, your "members" or "managers", or anyone to whom you entrust the property for any purpose:
  - (1) Acting alone or in collusion with other persons; or
  - (2) While performing services for you or otherwise.
- (c) Due to the giving or surrendering of property in any exchange or purchase.
- (d) 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.

(3) The most we will pay for loss in any one occurrence for each "premises", unless otherwise endorsed hereon is:

(a) Inside Your Covered Building - \$10,000 for "money" and "securities" while:

- 1) Inside a Covered Building at your "premises"; or
- 2) Within a bank or savings institution; and

(b) Outside Your Covered Building - \$2,500 for "money" and "securities" while anywhere else.

These are additional Limits of Insurance.

(4) The following definition applies only to this Additional Coverage, **o. Money and Securities**:

Employee means:

(a) Any natural person:

- (1) While in your service (and for 30 days after termination of service); and
- (2) Whom you compensate directly by salary, wages or commissions; and
- (3) Whom you have the right to direct and control while performing services for you; or

(b) Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the "premises".

(c) However, employee does not mean any:

- 1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- 2) Director or trustee except while performing acts coming within the scope of the usual duties of any employee.

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- (5) All loss:
  - (a) Caused by one or more persons; or
  - (b) Involving a single act or series of related acts;
 is considered one occurrence.
- (6) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

**p. Pollutant Clean Up and Removal**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

We will pay your expenses to extract "pollutants" from land or water at the "premises" if the discharge, dispersal, seepage, migration, release, escape or emission of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the "coverage term". 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". However, we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$10,000 for each "premises" for the sum of all covered expenses arising out of Covered Causes of Loss during each "coverage term".

This is an additional Limit of Insurance.

**q. Preservation of Property**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

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

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

- (2) Only if the "loss" occurs within 60 days after the property is first moved.

This Additional Coverage - Preservation of Property, will not increase the Limits of Insurance.

**r. Signs**

We will pay for direct physical "loss" to signs (other than signs covered under **SECTION I - PROPERTY, A. Coverages, 1. Covered Property, a.** Buildings) at the "premises" from any of the Covered Causes of Loss:

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

The most we will pay for "loss" under this Additional Coverage is \$5,000 in any one occurrence for each "premises" unless otherwise endorsed hereon.

This is an additional Limit of Insurance.

**SECTION I - PROPERTY, B. Exclusions** does not apply to this Additional Coverage, except for:

- (1) Paragraph **B.1.c., Governmental Action**;
- (2) Paragraph **B.1.d., Nuclear Hazard**;
- (3) Paragraph **B.1.f., War and Military Action**;
- (4) Paragraph **B.2.i., Collapse**;
- (5) Paragraph **B.2.l., Miscellaneous Causes of Loss**;
- (6) Paragraph **B.3.b., Acts or Decisions**; and
- (7) Paragraph **B.3.c., Defects, Errors, and Omissions**.

This Additional Coverage, **r. Signs**, is subject to a \$250 deductible as described in **SECTION I - PROPERTY, D. Deductibles**.

**s. Valuable Papers and Records**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Additional Coverage.

- (1) Subject to Paragraph (3) of this Additional Coverage, we will pay necessary costs you incur to re-

search, replace or restore lost or damaged information on "valuable papers and records" that are your property or the property of others in your care, custody or control, resulting from "loss" caused by a Covered Cause of Loss.

The most we will pay for "loss" under this Additional Coverage is \$25,000 in any one occurrence for each "premises" unless otherwise endorsed hereon.

This is an additional Limit of Insurance.

- (2) Coverage does not apply to:
  - (a) Property that cannot be replaced with other property of like kind and quality;
  - (b) Property held as samples or for delivery after sale;
  - (c) Property in storage away from your "premises", except as provided in Paragraph (4)(b) of this Additional Coverage;
  - (d) Contraband, or property in the course of illegal transportation or trade; or
  - (e) "Valuable papers and records" in the form of "electronic data", including the materials on which the "electronic data" is recorded.
- (3) The most we will pay for "loss" is the least of the following amounts:
  - (a) The cost of reasonably restoring the damaged property to its condition immediately before the "loss";
  - (b) The cost of replacing the damaged property with substantially identical property; or
  - (c) The "actual cash value" of the damaged property at the time of "loss".

However, we will not pay for "loss" unless or until the damaged property is actually replaced or restored; and then only if such replacement or restoration occurs within 36 months from the date of "loss".

- (4) We will extend coverage to include:

- (a) Removal:

If you give us written notice within 30 days of removal of your "valuable papers and records" because of imminent danger of "loss" from a Covered Cause of Loss, we will pay for "loss" while they are:

- 1) At a safe place away from your "premises"; or
- 2) Being taken to and returned from that place.

This Removal coverage is included within the Limit of Insurance applicable to the "premises" from which the "valuable papers and records" are removed.

- (b) Away From Your Premises:

We will pay up to \$5,000 in any one occurrence, regardless of the number of locations, for "loss" caused by a Covered Cause of Loss to "valuable papers and records" while they are away from your "premises" unless otherwise endorsed hereon.

This Away From Your Premises Limit is in addition to the occurrence limit shown at the end of this Additional Coverage.

- (5) **SECTION I - PROPERTY, B. Exclusions** does not apply to this Additional Coverage, except for:

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

- (6) In addition to the Exclusions in Paragraph (5) of this Additional Coverage, we will not pay for "loss" resulting from any of the following:

- (a) Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, employees (including leased and

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temporary workers), directors, trustees, authorized representatives, your "members" or "managers", or anyone to whom you entrust the property for any purpose:

- 1) Acting alone or in collusion with others; or
- 2) Whether or not occurring during the hours of employment.

However, this Paragraph, **(6)(a)**, does not apply to dishonest acts of a carrier for hire.

- (b) Errors or omissions in processing or copying. However, we will pay for that portion of direct "loss" caused by resulting fire or explosion if these causes of "loss" would be covered by this policy.
- (c) Electrical or magnetic injury, disturbance or erasure of electronic records, unless caused by lightning.
- (d) 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.
- (e) Unauthorized instructions to transfer property to any person or to any place.

**t. Water, Other Liquids, Powder or Molten Material Damage**

- (1) If a covered "loss" to which this insurance applies was caused by or resulted from water or other liquid, powder or molten material damage, 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.
- (2) We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of

fire extinguishing equipment if the damage:

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

However, this Paragraph **t.(2)** does not apply to **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, c. Business Income and k. Extra Expense.**

This Additional Coverage - Water, Other Liquids, Powder or Molten Material Damage, will not increase the Limits of Insurance.

**6. Coverage Extensions**

Unless otherwise specified, the limits applicable to the Coverage Extensions are in addition to the Limits of Insurance shown in the Declarations.

Except as otherwise provided, the following Coverage Extensions apply to property located in or on the building or structure at the "premises" or in the open (or in a vehicle) within 1,000 feet of the "premises".

**a. Alterations, New Buildings and Newly Acquired Property**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Coverage Extension.

We will pay for the actual loss of Business Income you sustain and Extra Expense you incur due to direct physical "loss":

- (1) At the "premises" caused by or resulting from any Covered Cause of Loss to:
  - (a) New buildings or structures, whether complete or under construction;
  - (b) Alterations or additions to existing buildings or structures; and
  - (c) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the "premises" and:
    - 1) Used in the construction, alterations or additions; or

- 2) Incidental to the occupancy of new buildings.

If such direct physical "loss" delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical "loss" had not occurred.

- (2) To Covered Property at any location you acquire caused by or resulting from a Covered Cause of Loss. This coverage for the Newly Acquired locations will end when any of the following first occurs:

- (a) This policy expires;
- (b) You report values to us;
- (c) 90 days pass from the date you acquire or begin to construct the Covered Property.

**b. Arson, Theft, Vandalism or Burglary Rewards**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Coverage Extension.

We will pay to provide a reward for information that leads to a conviction for arson, theft, vandalism, or burglary. The conviction must involve a covered loss caused by arson, theft, vandalism, or burglary.

The most we will pay for loss under this Coverage Extension is \$10,000 in any one occurrence.

**c. Fairs or Exhibitions**

You may extend the insurance provided by this policy for Business Personal Property to apply to "loss" to your Covered Property, including covered property of others, while it is located at fairs or exhibitions. This Coverage Extension does not apply while Covered Property is in transit to or from the fair or exhibition.

The most we will pay for "loss" under this Coverage Extension is \$10,000 in any one occurrence unless otherwise endorsed hereon, regardless of the number of locations.

**d. Fire Protection Equipment Recharge**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Coverage Extension.

- (1) We will pay for the expenses you incur to recharge your automatic fire suppression system or portable fire extinguishers when the equipment is discharged:

- (a) To combat a covered fire to which this insurance applies;
- (b) As a result of another covered Cause of Loss other than fire; or
- (c) As a result of an accidental discharge.

- (2) We will not pay your expenses to recharge fire protection equipment as a result of a discharge during testing or installation.

- (3) If it is less expensive to do so, we will pay your costs to replace your automatic fire suppression system or portable fire extinguishers rather than recharge that equipment.

The most that we will pay under this Coverage Extension is \$50,000 in any one occurrence.

**e. "Fungi", Wet Rot, Dry Rot, and Bacteria - Limited Coverage**

- (1) The coverage described in **e.(2)** and **e.(3)** only applies when the "fungi", wet or dry rot or bacteria is the result of a Covered Cause of Loss that occurs during the "coverage term" 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" by "fungi", wet or dry rot or bacteria. As used in this Coverage Extension, the term "loss" means:

- (a) Direct physical "loss" to Covered Property caused by "fungi", wet or dry rot or bacteria, including the cost of removal of the "fungi", wet or dry rot or bacteria;
- (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet or dry rot or bacteria; and
- (c) The cost of testing performed after removal, repair, re-

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placement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet or dry rot or bacteria are present.

(3) The coverage described under e.(2) of this Coverage Extension 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" arising out of all occurrences which take place in the "coverage term". With respect to a particular occurrence of "loss" which results in "fungi", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungi", wet or dry rot or bacteria continues to be present or active, or recurs, in a subsequent "coverage term".

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

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

(5) The terms of this Coverage Extension do not increase or reduce the coverage provided under:

(a) **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, g. Collapse;**

(b) **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, t. Water, Other Liquids, Powder or Molten Material Damage.**

(6) The following, (6)(a) and (6)(b), apply only if Business Income or

Extra Expense Coverage applies to the "premises" and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income or Extra Expense Coverage.

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

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

#### f. Glass

(1) You may extend the insurance provided by this policy to apply to direct physical "loss" to glass, including lettering and ornamentation, that is part of a Covered Building located at the "premises", that is:

(a) Owned by you, or

(b) Occupied by you and owned by others, but for which you are liable.

(2) If a Covered Cause of Loss occurs to building glass, as provided for under this Coverage Extension, we will also pay necessary expenses you incur to:

(a) Put up temporary plates or board up openings if repair or

replacement of damaged glass is delayed;

- (b) Repair or replace encasing frames;
  - (c) Remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include expenses to remove or replace window displays; and
  - (d) Repair or replace alarm tapes,
- (3) For this Coverage Extension, **SECTION I - PROPERTY, B. Exclusions** does not apply to this Coverage Extension, except for:
- (a) **Exclusion 1.b. Earth Movement;**
  - (b) **Exclusion 1.c. Governmental Action;**
  - (c) **Exclusion 1.d. Nuclear Hazard;**
  - (d) **Exclusion 1.f. War and Military Action;**
  - (e) **Exclusion 2.I.(1)** Wear and tear; and
  - (f) As listed in **Exclusion 2.I. (2)**:  
Rust or other corrosion, hidden or latent defect or any quality in property that causes it to damage or destroy itself.
- (4) This Coverage Extension - Glass, will not increase the Limits of Insurance.

This Coverage Extension, **f. Glass**, is subject to a \$250 deductible as described in **SECTION I - PROPERTY, D. Deductibles**.

**g. Inventory or Appraisal**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Coverage Extension.

- (1) We will pay the necessary expenses you incur to prepare claim information, as required by this policy. Expenses must result from:
- (a) Taking inventories;
  - (b) Making appraisals; and

(c) Preparing a Proof of Loss and other supporting exhibits.

- (2) We will not pay for any expenses:
- (a) Incurred to prove that "loss" is covered;
  - (b) Incurred under **SECTION I - PROPERTY, E. Property Loss Conditions, 2. Appraisal;**
  - (c) Incurred for examinations under oath;
  - (d) Billed by and payable to independent or public adjusters; or
  - (e) To prepare claims not covered by this policy.

The most we will pay under this Coverage Extension is \$10,000 for any one occurrence.

**h. Key and Lock Expense**

**SECTION I - PROPERTY, D. Deductibles** does not apply to this Coverage Extension.

- (1) If a key is lost, stolen, or damaged, we will pay for:
- (a) The actual expense of the new keys; and
  - (b) The adjustment of locks to accept new keys; or
  - (c) If required, new locks including the expense of their installation;

but only for locks at buildings or structures covered by this policy.

- (2) This coverage does not apply to keys that were given to former employees.

The most we will pay under this Coverage Extension is \$1,000 in any one occurrence.

**i. Newly Acquired or Constructed Property**

**(1) Buildings**

If this policy provides coverage under **SECTION I - PROPERTY, A. Coverages, 1. Covered Property, a. Buildings**, you may extend that insurance to apply to "loss" to:

- (a) Your new buildings while being built on the "premises";
- (b) Buildings you newly acquire currently at the "premises"; and
- (c) Buildings you acquire at locations, other than the "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" to a building under this Coverage Extension is \$1,000,000 for each building.

**(2) Business Personal Property**

- (a) If this policy provides coverage under **SECTION I - PROPERTY, A. Coverages, 1. Covered Property, b. Business Personal Property**, you may extend that insurance to apply to "loss" to:
  - 1) Business Personal Property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions.
  - 2) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the "premises"; or
  - 3) Business Personal Property that you newly acquire provided it was already located at the "premises" at the time of acquisition.
- (b) This Extension does not apply to:
  - 1) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

- 2) Personal property of others that is temporarily in your possession in the course of your wholesaling activities.

The most we will pay for "loss" to your Business Personal Property under this Coverage Extension is \$500,000 at each building.

- (3) Insurance under this Coverage Extension will end when any of the following first occurs:
  - (a) This policy expires;
  - (b) 90 days pass from the date you acquire your new building or business personal property or begin construction on 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 construction begins on that part of the building that would qualify as Covered Property, or you acquire the new property.

**j. Non-Owned Building Damage**

If you are a tenant, you may extend the insurance provided by this policy for Business Personal Property to loss or damage that occurs to the building at a "premises" that you occupy but do not own. Such loss or damage must be caused by theft or attempted theft.

This Coverage Extension applies only if your lease makes you legally responsible for that part of the building sustaining loss or damage.

This Coverage Extension does not apply to:

- (1) Glass, including lettering and ornamentation; and also necessary:
  - (a) Repair or replacement of encasing frames or alarm tapes; and
  - (b) Expenses incurred to board up openings, or remove or replace obstruction.
- (2) Building materials and equipment removed from the "premises".

The most we will pay for loss or damage under this Coverage Extension in any one occurrence is your Business Personal Property Limit of Insurance for the "premises" where the loss or damage occurs.

**k. Outdoor Property**

You may extend the insurance provided by this policy to apply to "loss" to your:

- (1) Awnings (other than awnings included in **SECTION I - PROPERTY, A. Coverages, 1. Covered Property, a. Buildings**), and outdoor fences, including debris removal expense, caused by or resulting from any of the Covered Causes of Loss; and
- (2) Radio antennas, television antennas or satellite dishes (including their lead-in wiring, masts and towers), including debris removal expense, caused by or resulting from any of the following causes of "loss":
  - (a) Fire;
  - (b) Lightning;
  - (c) Explosion;
  - (d) Riot or Civil Commotion;
  - (e) Aircraft; or
  - (f) Falling objects.

The most we will pay for "loss" under this Coverage Extension is \$5,000 in any one occurrence for each "premises" unless otherwise endorsed hereon.

**l. Outdoor Trees, Shrubs or Plants**

You may extend the insurance provided by this policy to apply to "loss" to your outdoor trees, shrubs or plants (other than "stock" of trees, shrubs or plants), including debris removal expense caused by or resulting from any of the following causes of "loss":

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

- (6) Falling object;
- (7) Theft; or
- (8) Vehicle.

The most we will pay for "loss" under this Coverage Extension is \$5,000 in any one occurrence for each "premises" but not more than \$1,000 for any one tree, shrub or plant.

**m. Personal Effects**

You may extend the insurance that applies to your Business Personal Property to apply to "loss" to personal effects owned by:

- (1) You, your officers, your partners, your "members" or "managers"; or
- (2) Your employees (including leased and temporary workers), including tools owned by your employees that are used in your business. However, employee tools are not covered for theft.

This Coverage Extension does not apply to "money" and "securities". If theft is included as a Covered Cause of Loss under this policy, then this Coverage Extension has a \$500 per occurrence limitation for loss by theft.

The most we will pay for "loss" under this Coverage Extension is \$10,000 in any one occurrence.

**n. Property Off-Premises**

- (1) You may extend the insurance provided by this policy to apply to "loss" to your Covered Property, including covered personal property of others as described in **SECTION I - PROPERTY, A. Coverages, 1. Covered Property, b. Business Personal Property**, while it is away from the "premises" if it is:
  - (a) Temporarily at a location you do not own, lease or operate; or
  - (b) In storage at a location you lease, provided the lease was executed for the first time after the beginning of the current "coverage term".
- (2) This Coverage Extension does not apply to Covered Property at exhibitions or fairs or in transit.

The most we will pay for "loss" under this Coverage Extension is \$10,000 in any one occurrence unless otherwise endorsed hereon, regardless of the number of locations.

**o. Transportation**

You may extend the insurance provided by this policy to apply to "loss" to your Covered Property, including covered personal property of others as described in **SECTION I - PROPERTY, A. Coverages, 1. Covered Property, b. Business Personal Property**, while it is in or on a vehicle, including loading and unloading of the property.

The most we will pay for "loss" under this Coverage Extension is \$10,000 in any one occurrence unless otherwise endorsed hereon, regardless of the number of locations.

**SECTION I - PROPERTY, B. Exclusions, 1.b. Earth Movement and 1.g. Water** do not apply to this Coverage Extension.

**p. Utility Services**

You may extend the insurance provided under this policy, including the insurance provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, c. Business Income and k. Extra Expense**, to apply to "loss" caused by the partial or complete suspension of the utility services listed below. The partial or complete suspension of services must be caused by direct physical "loss" to those services from a Covered Cause of Loss.

- (1) Communications Supply Services, meaning property supplying communication services, including telephone, radio, microwave, or television services to the "premises", such as:
  - (a) Communication transmission lines including fiber optic transmission lines, excluding overhead transmission and distribution lines;
  - (b) Coaxial cables; and
  - (c) Microwave radio relays, excluding satellites.
- (2) Power Supply Services, meaning the following types of property

supplying electricity, steam or natural gas to the "premises":

- (a) Utility generating plants;
  - (b) Switching stations;
  - (c) Substations;
  - (d) Transformers; and
  - (e) Transmission lines, excluding overhead transmission and distribution lines.
- (3) Water Supply Services, meaning the following types of property supplying water to the "premises":
- (a) Pumping Stations; and
  - (b) Water mains.
- (4) This Coverage Extension does not apply to "loss" to "electronic data" including destruction or corruption of "electronic data".

The most we will pay under this Coverage Extension for "loss", other than Business Income and Extra Expense, is \$25,000 in any one occurrence.

**B. Exclusions**

1. We will not pay for "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss". These exclusions apply whether or not the "loss" event results in widespread damage or affects a substantial area.

**a. Ordinance or Law**

The enforcement of any ordinance or law:

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

This exclusion applies whether the "loss" results from:

- (1) An ordinance or law that is enforced even if the building or structure has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair,

renovation, remodeling or demolition of any building or structure, or removal of its debris, following a physical "loss" to that building or structure.

This exclusion does not apply to "loss" covered under **SECTION I - PROPERTY, 5. Additional Coverages, b. Building Laws Safeguard.**

**b. Earth Movement**

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

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

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

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

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

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

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

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

However, 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.

**e. Utility Services**

- (1) The failure of power or other utility services supplied to the "premises", however caused, if the failure occurs away from the "premises". Failure includes lack of sufficient capacity and reduction in supply.

However, if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for that portion of "loss" caused by that Covered Cause of Loss.

This exclusion does not apply to "loss" covered under **SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, p. Utility Services.**

- (2) This exclusion does not apply to Business Income coverage or Extra Expense coverage. Instead, **SECTION I - PROPERTY, B. Exclusions, 4. Business Income and Extra Expense Exclusions** applies to these coverages.

**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,

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sovereign or other authority using military personnel or other agents; or

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

**g. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water or waterborne material which backs up through or overflows or is discharged from a sewer, drain, septic system, sump pump or related equipment; or
- (4) Water or waterborne material 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.

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

Other than in the state of Florida, this Exclusion does not apply to the office furniture and fixtures that are covered Business Personal Property.

**h. "Fungi", Wet Rot, Dry Rot, and Bacteria**

- (1) Presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria. But if "fungi", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the "loss" caused by that "specified cause of loss".
- (2) This exclusion does not apply:
  - (a) When "fungi", wet or dry rot or bacteria results from fire or lightning; or

- (b) To the extent that coverage is provided in **SECTION I - PROPERTY, 6. Coverage Extensions, e. "Fungi", Wet Rot, Dry Rot, and Bacteria - Limited Coverage** with respect to "loss" from a cause of loss other than fire or lightning.

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

**a. Electrical Current**

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

However, if artificially generated electrical current results in fire, we will pay for that portion of the "loss" caused by that fire.

This exclusion does not apply to "loss" covered under **SECTION I - PROPERTY, G. Optional Coverages, 1. Equipment Breakdown.**

**b. Delay or Loss of Use**

Delay, loss of use or loss of market.

**c. Smoke, Vapor, Gas**

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

**d. Explosion of Steam Apparatus**

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

This exclusion does not apply to "loss" covered under **SECTION I - PROPERTY, G. Optional Coverages, 1. Equipment Breakdown.**

**e. Water Seepage**

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.

**f. Freezing of 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 did your best to maintain heat in the building or structure; or
- (2) You drained the equipment and shut off the supply if the heat was not maintained.

**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. Exposure to Weather**

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

**i. Collapse**

Collapse, except as provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, g. Collapse**. However, if collapse results in a Covered Cause of Loss at the "premises", we will pay for that portion of "loss" caused by that Covered Cause of Loss.

**j. Pollutants**

Discharge, dispersal, seepage, migration, release, escape or emission of "pollutants" unless the discharge, dispersal, seepage, migration, release, escape or emission is itself caused by any of the "specified causes of loss".

However, if discharge, dispersal, seepage, migration, release, escape or emission of "pollutants" results in a "specified cause of loss", we will pay for the "loss" caused by that "specified cause of loss".

This exclusion does not apply to "loss" to glass caused by chemicals applied to the glass.

**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. Miscellaneous Causes 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) Except to the extent provided in **SECTION I - PROPERTY, G. Optional Coverages, 1. Equipment Breakdown**, mechanical breakdown, including rupture or bursting caused by centrifugal force. However, if mechanical breakdown results in elevator collision, we will pay for that portion of "loss" caused by that elevator collision; or
- (7) The following causes of loss to personal property:
  - (a) Marring or scratching;
  - (b) Except to the extent provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, e. Change in Temperature or Humidity and 6. Coverage Extensions, p. Utility Services**:
    - 1) Dampness or dryness of atmosphere; and
    - 2) Changes in or extremes of temperature.

However, if an excluded cause of "loss" that is listed in **B.2.I.(1)** through **(7)** above results in a "specified cause of loss" or building glass breakage, we will pay for that portion of "loss" caused by that "specified cause of loss" or building glass breakage.

**m. Work Process**

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Any processing or work upon Covered Property.

However, if "loss" by fire results, we will pay for that resulting "loss".

**n. Dishonest Acts**

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

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

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

This exclusion does not apply to loss covered under **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, j. Employee Dishonesty.**

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

**a. Weather Conditions**

Weather conditions. However, 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".

**b. Acts or Decisions**

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

**c. Defects, Errors, and Omissions**

- (1) An act, error, or omission (negligent or not) relating to:
  - (a) Land use,

(b) Design, specifications, construction, workmanship,

(c) Planning, zoning, development, surveying, siting, grading, compaction, or

(d) Maintenance, installation, renovation, repair, or remodeling

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

- (2) A defect weakness, inadequacy, fault, or unsoundness in materials used in construction or repair of part or all of any property on or off the "premises"; or
- (3) The cost to make good any error in design.

**4. Business Income and Extra Expense Exclusions**

We will not pay for:

**a.** Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

- (1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- (2) Suspension, lapse or cancellation of any license, lease or contract. However, 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"; or

**b.** Any other indirect "loss"; or

**c.** Any "loss" caused directly or indirectly by the failure of power or other utility service supplied to the "premises", however caused, if the failure occurs outside of a covered building, except as provided in **SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, p. Utility Services.** Failure includes lack of sufficient capacity and reduction in supply.

However, if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for that por-

tion of "loss" resulting from that Covered Cause of Loss.

### C. Limits of Insurance

1. The most we will pay for "loss" (loss) in any one occurrence is the applicable Limit of Insurance shown in the Declarations, except as provided in **SECTION I - PROPERTY, A. Coverages, 4. Limitations, 5. Additional Coverages** and **6. Coverage Extensions**, or otherwise endorsed hereon.
2. **Building Limit - Automatic Increase**
  - a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.
  - b. The amount of increase will be:
    - (1) The Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, multiplied by
    - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 2% is .02), multiplied by
    - (3) The number of days since the beginning of the current policy year of the effective date of the most recent policy change amending the Building limit divided by 365.

#### Example

If: The applicable Building limit is \$100,000. The annual percentage increase is 2%. The number of days since the beginning of the policy year (or last policy change) is 146.

The amount of increase is

$$\$100,000 \times .02 \times 146 \div 365 = \$800.$$

3. **Business Personal Property Limit - Seasonal Increase**
  - a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
  - b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

- (1) The 12 months immediately preceding the date the "loss" occurs; or
- (2) The period of time you have been in business as of the date the "loss" occurs.

### D. Deductibles

1. We will not pay for "loss" (loss) in any one occurrence until the amount of "loss" (loss) exceeds the Deductible shown in the Declarations. We will then pay the amount of the "loss" (loss) in excess of the Deductible up to the applicable Limit of Insurance.
2. Regardless of the amount of the Deductible, the most we will deduct from any "loss" (loss) under **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, r. Signs, SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, f. Glass and G. Optional Coverages, 2. Tenant's Glass** is \$250.

However, this \$250 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. The Deductible shown in the Declarations applies to **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, h. Electronic Data Processing Property**, except:

\$1,000 will be deducted for each of the following causes of loss:

- a. "Loss" caused by faulty construction, error in design or processing, or service or work upon the data processing system; or
- b. "Loss" resulting in mechanical breakdown, short circuiting, blow-out, or other electrical damage.

### E. Property Loss Conditions

The following conditions apply in addition to the **SECTION III - COMMON POLICY CONDITIONS**.

#### 1. Abandonment

There can be no abandonment of any property to us.

#### 2. Appraisal

If we and you disagree on the value of the property, the amount of Net Income and operating expense, or the amount of loss, either may make written demand for an ap-

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praisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property, the amount of Net Income and operating expense, and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

### 3. Duties in the Event of Loss or Damage

a. You must see that the following are done in the event of "loss" (loss) to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the "loss" (loss). Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the "loss" (loss) occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent "loss" (loss) 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" (loss) claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the "loss" (loss) and examine your books and records. Also permit us to take sam-

ples 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) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

### 4. Legal Action Against Us

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

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

### 5. Loss Payment

In the event of "loss" (loss) 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 **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 **(2)** through **(8)** below, we will determine the value of Covered Property as follows:

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

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

- 1) The Limit of Insurance under this policy that applies to the lost or damaged property;
- 2) The cost to replace, on the same "premises", the lost or damaged property with other property:
  - a) Of comparable material and quality; and
  - b) Used for the same purpose; or
- 3) The amount 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 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:

- 1) The "actual cash value" of the lost or damaged property; or
- 2) A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the cost of repair or replacement.

**(c)** You may make a claim for "loss" 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" 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".

**(d)** We will not pay on a replacement cost basis for any "loss":

- 1) Until the lost or damaged property is actually repaired or replaced with other property of generally the same construction and used for the same purpose as the lost or damaged property; and
- 2) Unless the repairs or replacement have been completed or at least underway within 2 years following the date of "loss".

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.

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- (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard.**
- (2) If Actual Cash Value applies to Covered Property, as shown in the Declarations, Paragraph **5.d.(1)** above does not apply to Covered Property. Instead, we will determine the value of Covered Property at "actual cash value".
  - (3) The following property at "actual cash value":
    - (a) Used or second-hand merchandise held in storage or for sale;
    - (b) Personal 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" to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance;
    - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
    - (d) Manuscripts;
    - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; and
    - (f) Property, that at the time of "loss":
      - 1) Is outdated or obsolete and is stored or not being used; or
      - 2) Has no practical value to you.
  - (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:
      - 1) Multiply the original cost by the number of days from the "loss" to the expiration of the lease; and
      - 2) Divide the amount determined in **1)** above by the number of days from the installation of improvements to the expiration of the lease.

If 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 **SECTION I - PROPERTY, A. Coverages, 5. Additional 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 **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard:**
    - (a) All following loss payment provisions, **(7)(b)** through **(7)(d)**, are subject to the apportionment procedures set forth in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard, (1)(c)**.
    - (b) "Loss" to the building, including loss in value of the undamaged portion of the building due to enforcement

of an ordinance or law, will be determined as follows:

1) If Replacement Cost applies to the building, as shown in the Declarations, and the property is being repaired or replaced on the same "premises" or at another location, we will not pay more than the lesser of:

a) The amount you would actually spend to repair, rebuild or reconstruct the building; but not for more than the amount it would cost to restore the building on the same "premises" and to the same height, floor area, style and comparable quality of the original property insured; or

b) The Limit of Insurance applicable to **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard.**

2) If Replacement Cost applies to the building, as shown in the Declarations, and the property is not repaired or replaced, or if Actual Cash Value applies to the building, as shown in the Declarations, we will not pay more than the lesser of:

a) The "actual cash value" of the building at the time of "loss"; or

b) The Limit of Insurance applicable to **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard.**

(c) For Demolition Cost, we will not pay more than the lesser of:

1) The amount you actually spend to demolish and clear the site of the "premises"; or

2) The Limit of Insurance applicable to **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard.**

(d) With respect to Increased Cost of Construction:

1) We will not pay for the increased cost of construction until the property is actually repaired or replaced, at the same "premises" or at another location; and unless the repairs or replacement are made as soon as reasonably possible after the "loss", not to exceed two years.

2) If the building is repaired or replaced at the same "premises", or if you elect to rebuild at another location, the most we will pay for the increased cost of construction is the lesser of:

a) The increased cost of construction at the same "premises"; or

b) The Limit of Insurance applicable to **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard.**

3) If the ordinance or law requires relocation to another location, the most we will pay for the increased cost of construction is the lesser of:

a) The increased cost of construction at the new location; or

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b) The Limit of Insurance applicable to **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard.**

(e) The most we will pay for "loss", as described in paragraphs (7)(a) through (7)(d), in any one occurrence is the Limit of Insurance applicable to **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard.**

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

- e. Our payment for "loss" to personal property of others and personal effects 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" within 30 days after we receive the sworn Proof of Loss, if:
  - (1) You have complied with all of the terms of this policy; and
  - (2) We have reached agreement with you on the amount of loss or an appraisal award has been made.

## 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. However, 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 Limit of Insurance.

## 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 "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 (1)(a) and (1)(b) below:

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

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

1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and / or

2) 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" occurs has been vacant for more than 60 consecutive days before that "loss" occurs:

(1) We will not pay for any "loss" caused by any of the following

even if they are Covered Causes of Loss:

- (a) Vandalism;
  - (b) Sprinkler leakage, unless you have protected the system against freezing;
  - (c) Building glass breakage;
  - (d) Water damage;
  - (e) Theft; or
  - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the "loss" 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 policy at any one or more "premises" will not affect coverage at any "premises" where, at the time of "loss", the breach of condition does not exist.

### 2. Mortgageholders

- a. The term mortgageholders includes trustee.
- b. We will pay for covered "loss" 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" 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.

## 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. Equipment Breakdown

#### a. Coverage

We will pay for direct damage to Covered Property caused by a Covered Cause of Loss.

#### (1) Covered Property

Covered Property, as used in this Optional Coverage, means any property that:

- (a) You own; or
- (b) Is in your care, custody or control and for which you are legally liable.

#### (2) Covered Cause of Loss

Covered Cause of Loss, as used in this Optional Coverage, is an accident, as defined in this Optional Coverage, occurring at the "premises".

#### (3) Coverage Extensions

##### (a) Expediting Expenses

With respect to the insurance provided by this Optional Coverage, we will pay the reasonable extra cost to:

- 1) Make temporary repairs; and
- 2) Expedite permanent repairs; and

- 3) Expedite permanent replacement;

to your damaged Covered Property.

#### (b) Hazardous Materials Coverage

With respect to the insurance provided by this Optional Coverage, we will pay for any additional expenses you incur for:

- 1) Cleanup;
- 2) Repair or replacement; or
- 3) Disposal;

of Covered Property which is damaged, contaminated or polluted as a result of a Covered Cause of Loss by a substance declared by a governmental agency to be hazardous to health.

The most we will pay under this Coverage Extension is \$25,000 for each "premises" for the sum of all such expenses arising out of Covered Causes of Loss occurring during the "coverage term". This limit is inclusive of and not in addition to the applicable Limits of Insurance.

#### (c) Spoilage Coverage

We will pay for your "loss" of perishable goods due to spoilage resulting from the lack of power, light, heat, steam or refrigeration caused solely by:

- 1) An accident, as defined in this Optional Coverage; or
- 2) The sudden and accidental breakdown of any equipment that is:
  - a) Located on or within 1,000 feet of the "premises";
  - b) Owned by the building owner, if you are a tenant, or

by a public utility company; and

- c) Used to supply electrical power, heating, air conditioning, gas, water or steam services to the "premises";

provided at the time a breakdown occurs, the breakdown becomes apparent by physical damage that requires repair or replacement of the equipment or a part of the equipment.

The amount of our payment will be determined as follows:

- 1) For perishable goods you have sold but not delivered, at the selling price less discounts and expenses you otherwise would have had;
- 2) For other perishable goods, at "actual cash value".

The most we will pay under this Coverage Extension is \$5,000 in any one accident for each "premises". This limit is inclusive of and not in addition to the applicable Limits of Insurance.

**(d) Clean Up and Dry Out Coverage**

We will pay the reasonable extra cost to clean up or dry out covered electrical equipment as a result of a flood.

**b. Exclusions**

With respect to this Optional Coverage, we will not pay for "loss" caused by or resulting from:

- (1) The breakdown of any structure, foundation or setting that supports or houses any equipment;
- (2) The breakdown of any insulating or refractory material;
- (3) The breakdown of any water piping other than boiler feedwater piping, boiler condensate, return

piping or water piping forming a part of a refrigeration or air conditioning system;

- (4) The breakdown of any underground piping;
- (5) Fire or combustion explosion whether that fire or combustion explosion causes an accident, is caused by an accident or occurs at the same time as an accident. With respect to any electrical equipment, this exclusion is changed to read:

Fire or combustion explosion outside of the equipment, whether that fire or combustion explosion causes an accident, is caused by an accident or occurs at the same time as an accident;

- (6) The breakdown of any vehicle, elevator, escalator, crane or hoist;
- (7) An explosion of gas or uncombusted fuel within the furnace of any boiler or fixed vessel or within the gas passages from that furnace to the atmosphere;
- (8) An accident caused directly or indirectly by earth movement, including but not limited to earthquake, landslide, mudslide, subsidence, "sinkhole collapse" or volcanic eruption;
- (9) Lightning, explosion (except for steam or centrifugal explosion), smoke, aircraft or vehicles, riot or civil commotion, vandalism or sprinkler leakage;
- (10) Breakage of glass; falling objects; weight of snow, ice or sleet; or water damage (including water damage that is the result of an accident);
- (11) Freezing caused by cold weather;
- (12) Collapse;
- (13) Molten material;
- (14) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (15) Windstorm or hail. However, we will pay provided:

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(a) The equipment located within a building or structure suffers an accident that results from wind, sand, snow or dust; and

(b) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, sand, snow or dust entered;

(16) Damage to media used with any electronic computer or electronic data processing equipment;

(17) The breakdown of any machine or apparatus that is used for research, medical, diagnostic, surgical, dental or pathological purposes;

(18) The breakdown of any production or process machine or apparatus that processes, forms, cuts, shapes, grinds, or conveys raw materials, materials in process or finished products.

**c. Limits of Insurance and Deductible**

With respect to the insurance provided in this Optional Coverage, an accident shall be deemed to be an occurrence and is inclusive of, not in addition to:

(1) The Limits of Insurance described in **SECTION I - PROPERTY, C. Limits of Insurance**; and

(2) The Deductible described in **SECTION I - PROPERTY, D. Deductibles**.

**d. Conditions**

In addition to **SECTION I - PROPERTY, E. Property Loss Conditions**, the following conditions apply to the insurance provided in this Optional Coverage:

**(1) Reducing Your Loss**

As respects Business Income, Extra Expense and Spoilage Coverage, you must reduce your loss, if possible, by:

(a) Using due diligence and dispatch and all reasonable means to resume business, partially or completely;

(b) Using merchandise or other property available to you; and

(c) Using the property or services of others.

**(2) Suspension**

(a) When any equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend this insurance against "loss" from an accident to that equipment.

(b) We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us.

(c) If we suspend your insurance, the refund will be pro-rata. However, this suspension will be effective even if we have not yet made or offered a refund.

**e. Definitions**

As used in this Optional Coverage:

**(1) Basic Coverage - Accident**

If Basic Coverage - Accident applies, as shown in the Declarations, accident means a sudden and accidental breakdown of:

(a) Any:

1) Hot water heating boiler; or

2) Hot water supply boiler;

that is 160 p.s.i.g. or less and is 250 degrees Fahrenheit or less;

(b) Any low pressure steam boiler that is 15 p.s.i.g. or less; and

(c) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

**(2) Comprehensive Coverage - Accident**

If Comprehensive Coverage - Accident applies, as shown in the

Declarations, accident means a sudden and accidental breakdown of:

- (a) Any:
  - 1) Hot water heating boiler, or
  - 2) Hot water supply boiler; that is 160 p.s.i.g. or less and is 250 degrees Fahrenheit or less;
- (b) Any low pressure steam boiler that is 15 p.s.i.g. or less;
- (c) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents;
- (d) Any refrigeration or air conditioning system, piping and its accessory equipment; and
- (e) Any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

**(3) High Pressure Boiler Option - Accident**

If High Pressure Boiler Option - Accident applies, as shown in the Declarations, in addition to the Comprehensive Coverage - Accident definition above, accident also means a sudden and accidental breakdown of any high pressure steam boiler operating at a pressure exceeding 15 p.s.i.g.

Regardless of whether **(1), (2), or (3)** (above) applies:

- (1) At the time the breakdown occurs, the breakdown must become apparent by physical damage that requires repair or replacement of the equipment or a part of the equipment.
- (2) If an initial accident causes other accidents, all will be considered one accident. All accidents at any one "premises" that become apparent at the same time and that are the result of the same cause will be considered one accident.

- (3) If covered electrical equipment needs to be cleaned up or dried out as a result of flood, it will be considered an accident.
- (4) None of the following is an accident:
  - (a) Depletion, deterioration, corrosion, erosion, or wear and tear; nor
  - (b) The functioning of any safety or protective device.

**2. Tenant's Glass**

a. If you are a tenant at a covered "premises" and:

- (1) The building you occupy is not Covered Property; and
- (2) You are legally liable for physical "loss" to the building glass in that building;

we will pay for direct physical "loss" to that building glass, including lettering and ornamentation.

b. If a Covered Cause of Loss occurs to building glass, as provided for under this Optional Coverage, we will also pay necessary expenses you incur to:

- (1) Put up temporary plates or board up openings if repair or replacement of damaged glass is delayed;
- (2) Repair or replace encasing frames;
- (3) Remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include expenses to remove or replace window displays; and
- (4) Repair or replace alarm tapes.

c. **SECTION I - PROPERTY, B. Exclusions** does not apply to this Optional Coverage, except for:

- (1) **Exclusion 1.b. Earth Movement;**
- (2) **Exclusion 1.c. Governmental Action;**
- (3) **Exclusion 1.d. Nuclear Hazard ;**
- (4) **Exclusion 1.f. War and Military Action;**

(5) **Exclusion 2.I.(1)** Wear and tear; and

(6) As listed in **Exclusion 2.I.(2)**:

Rust or other corrosion, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

d. This Optional Coverage supersedes all limitations in this policy that apply to glass.

e. This Optional Coverage is subject to a \$250 deductible as described in **SECTION I - PROPERTY, D. Deductibles**.

## H. Property Definitions

1. "Actual Cash Value" means replacement cost less a deduction that reflects depreciation, age, condition and obsolescence.

2. "Computer programs" 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.

3. "Counterfeit" means an imitation of an actual valid original which is intended to deceive and to be taken as the original.

4. "Coverage term" means the following individual increment, or if a multi-year policy period, increments, of time, which comprise the Policy Period of this policy.

a. The year commencing on the Effective Date of this policy at 12:01 AM standard time at your mailing address shown in the Declarations, and if a multi-year policy period, each consecutive annual period thereafter, or portion thereof if any period is for a period of less than 12 months, constitute individual "coverage terms". The last "coverage term" ends at 12:00 AM standard time at your mailing address shown in the Declarations on the earlier of:

(1) The day the Policy Period shown in the Declarations end; or

(2) The day the policy is terminated or cancelled.

b. However, if after the issuance of this policy, any "coverage term" is extended for an additional period of less than 12 months, that additional period of time will be deemed to be part of the last preceding "coverage term".

5. "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.

6. "Fungi" means any type or form of fungus, and includes, but is not limited to, any form or type of mold, mushroom or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

7. "Loss" means accidental loss or damage.

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

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

10. "Money" means:

a. Currency, coins and bank notes whether or not in current use; and

b. Travelers checks, register checks and money orders held for sale to the public.

11. "Operations" means your business activities occurring at the "premises".

12. "Period of Restoration"

a. Means the period of time that:

(1) Begins at the time of direct physical "loss"; and

(2) Ends on the earlier of:

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

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

b. Does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

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

13. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, petroleum, petroleum products and petroleum by-products, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. "Pollutants" include but are not limited to substances which are generally recognized in industry or government to be harmful or toxic to persons, property or the environment regardless of whether injury or damage is caused directly or indirectly by the "pollutants" and whether:
- a. You are regularly or otherwise engaged in activities which taint or degrade the environment; or
  - b. You use, generate or produce the "pollutant".
14. "Premises" means:
- a. The Location of Premises described in the Declarations, except as provided in b. below.
  - b. For the purposes of Business Income, Extra Expense and Civil Authority, if you are a tenant and occupy only part of the site at which the "premises" are located, "premises" means the portion of the building that you rent, lease or occupy, including any area within the building or on the site at which the "premises" are located, if that area services, or is used to gain access to, the "premises" and your personal property in the open (or in a vehicle) within 1,000 feet.
15. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) whether or not in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money". Lottery tickets held for sale are not "securities" or evidences of debt.

16. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the Covered Property into subterranean voids created by the action of water on a limestone or similar rock formation. This does not include:
- a. The cost of filling sinkholes;
  - b. Sinking or collapse of land into man-made subterranean cavities; or
  - c. The value of the land.
17. "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. Falling objects does not include "loss" 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.
  - b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
18. "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.
19. "Suspension" means:
- a. The slowdown or cessation of your business activities; and
  - b. That a part or all of the "premises" is rendered untenable.
20. "Valuable Papers and Records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, card index systems, deeds, drawings, films and x-rays, maps, mortgages or proprietary information.

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However, "valuable papers and records" does not mean "money" or "securities", or

"electronic data" including the materials on which the "electronic data" is recorded.

## SECTION II - BUSINESS LIABILITY

Various provisions in **SECTION II** of this policy restrict this insurance. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout **SECTION II** of this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under **SECTION II - BUSINESS LIABILITY, C. Who is an Insured.**

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION II - BUSINESS LIABILITY, F. Liability and Medical Expenses Definitions.**

### 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 offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in **Section II - BUSINESS LIABILITY D. Liability and Medical Expenses Limits of Insurance**; and
- (2) Our right and duty to defend ends 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 expressly provided for under **i. 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"; and

- (b) The "bodily injury" or "property damage" occurs during the Policy Period; and
- (c) Prior to the "coverage term" in which "bodily injury" or "property damage" occurs, you did not know, per Paragraph **A.1.d.** below, that the "bodily injury" or "property damage" had occurred or had begun to occur, in whole or in part.

(2) To "personal and advertising injury" only if:

- (a) The "personal and advertising injury" is caused by an offense arising out of your business; and
- (b) The "personal and advertising injury" offense was committed in the "coverage territory" during the Policy Period; and
- (c) Prior to the "coverage term" in which the "personal and advertising injury" offense is committed, you did not know, per Paragraph **A.1.h.** below, that the offense had been committed or had begun to be committed, in whole or in part.

c. "Bodily injury" or "property damage" which:

- (1) Occurs during the "coverage term"; and
- (2) Was not, prior to the "coverage term", known by you, per Paragraph **A.1.d.**, to have occurred;

includes any continuation, change or resumption of that "bodily injury" or

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"property damage" after the end of the "coverage term" in which it first became known by you.

- d. You will be deemed to know that "bodily injury" or "property damage" has occurred at the earliest time when any "authorized representative":

- (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";
- (3) First observes, or reasonably should have first observed, the "bodily injury" or "property damage";
- (4) Becomes aware, or reasonably should have become aware, by any means other than as described in (3) above, that "bodily injury" or "property damage" had occurred or had begun to occur; or
- (5) Becomes aware, or reasonably should have become aware, of a condition from which "bodily injury" or "property damage" is substantially certain to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

- f. "Bodily injury" or "property damage" arising out of the rendering or failure to render professional health care services as a retail druggist or drug-store shall be deemed to be caused by an "occurrence".

- g. "Personal and advertising injury" caused by an offense which:

- (1) Was committed during the "coverage term"; and
- (2) Was not, prior to the "coverage term", known by you, per Paragraph **A.1.h.** below, to have been committed;

includes any continuation, change or resumption of that offense after the end of the "coverage term" in which it first became known by you.

- h. You will be deemed to know that a "personal and advertising injury" offense has been committed at the earliest time when any "authorized representative":

- (1) Reports all, or any part, of the "personal and advertising injury" to us or to any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "personal and advertising injury";
- (3) First observes, or reasonably should have first observed, the offense that caused the "personal and advertising injury";
- (4) Becomes aware, or reasonably should have become aware, by any means, other than as described in (3) above, that the offense had been committed or had begun to be committed; or
- (5) Becomes aware, or reasonably should have become aware, of a condition from which "personal and advertising injury" is substantially certain to occur.

**i. Coverage Extension - Supplementary Payments**

In addition to the Limits of Insurance, we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- (1) All expenses we incur.
- (2) Up to \$350 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.
- (3) The cost of bonds to release attachments, but only for bond amounts within the applicable Limit of Insurance. We do not have to furnish these bonds.
- (4) 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.

- (5) All costs taxed against the insured in the "suit".
- (6) Prejudgment interest awarded against the insured on that part of the judgment we become obligated to pay and which falls within the applicable limit of insurance. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest that is based on that period of time after the offer.
- (7) 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 the applicable Limit of Insurance.

## 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:
  - (1) The accident takes place in the "coverage territory" and during the Policy Period;
  - (2) The expenses are incurred and reported to us within three years of the date of the accident; and
  - (3) 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 applicable Limit of Insurance. 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"

- (1) Which may reasonably be expected to result from the intentional or criminal acts of the insured or which is in fact expected or intended by the insured, even if the injury or damage is of a different degree or type than actually expected or intended. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property; or
- (2) Caused by the willful violation of a penal statute or ordinance relating to the sale of pharmaceuticals by or with the knowledge or consent of the insured.

#### 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. When a claim for such "bodily injury" or "property damage" is made, we will defend that claim provided the insured has assumed the obligation to defend such claim in the "insured contract". Such defense payments will not reduce the Limits of Insurance.

#### c. Liquor Liability

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

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

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

**d. Workers Compensation and Similar Laws**

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

**e. Employer's Liability**

"Bodily injury" to:

- (1) An "employee" of the insured sustained in the "workplace";
- (2) An "employee" of the insured arising out of the performance of duties related to the conduct of the insured's business; or
- (3) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraphs (1) or (2) above.

This exclusion applies:

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

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

**f. Pollutant**

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape or emission 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 Paragraph (a) does not apply to:

- 1) "Bodily injury" to any person injured while on any premises, site or location owned or occupied by, or rented or loaned to, you provided:
  - a) The injury is caused by the inadequate ventilation of vapors;
  - b) The person injured is first exposed to such vapors during the Policy Period; and
  - c) Within 30 days of such first exposure, the person injured is clinically diagnosed or treated by a physician for the medical condition caused by the exposure to such vapors. However, Paragraph c) does not apply if the "bodily injury" is caused by vapors 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.

This exception 1) shall apply only to Named Insureds; we shall have no duty to defend or pay damages for any person or organization that is not a Named Insured. However, this paragraph does not apply if the "bodily injury" is caused by va-

pors 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.

For the purpose of the exception granted in Paragraph **1)** only, vapors means any gaseous or airborne irritant or airborne contaminant, including smoke, fumes, vapor or soot, but excluding asbestos, which is discharged, dispersed, emitted, or released or escapes from materials, machinery or equipment used in the service or maintenance of the premises. Vapors does not mean any gaseous or airborne irritants or contaminants used in a manufacturing process or which is the product or by-product of any manufacturing process;

- 2) "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 this policy as an additional insured with respect to your ongoing operations or "your work" 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
- 3) "Bodily injury" or "property damage" arising

out of heat, smoke or fumes from a "hostile fire";

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
  - 1) Any insured; or
  - 2) 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, Paragraph **(d)** does not apply to:
  - 1) "Bodily injury" or "property damage" arising out of the discharge, dispersal, seepage, migration, release, escape, or emission of fuels, lubricants or other operating fluids, or exhaust gases, which are needed to perform, or are a result of, 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, or exhaust gases, escape, seep or migrate, or are discharged, dispersed, released or emitted from a vehicle part designed to hold, store or receive them. This exception does

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not apply if the fuels, lubricants or other operating fluids, or exhaust gases, escape, seep or migrate, or are discharged, dispersed, released or emitted with the intent to cause "bodily injury" or "property damage" or with the knowledge that "bodily injury" or "property damage" is substantially certain to occur, or if such fuels, lubricants or other operating fluids or exhaust gases, are brought on or to the premises, site or location with such intent to escape, seep or migrate, or be discharged, dispersed, released or emitted as part of the operations being performed by such insured, contractor or subcontractor.

- 2) "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
  - 3) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
  - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, Paragraphs (2)(a) and (b) do not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that 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 on, 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 law in the state where it is licensed or principally garaged; or
  - (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of **SECTION II - BUSINESS LIABILITY, F. Liability and Medical Expenses Definitions, 15. Mobile 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 governmental 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 professional services unless professional liability coverage has been endorsed hereon or stated in the Declarations. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications;
- (3) Supervisory, inspection, architectural or engineering activities;
- (4) Medical, surgical, dental, x-ray or nursing services, treatment, advice or instruction;
- (5) Any health or therapeutic service, treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services; and
- (9) Services in the practice of pharmacy, but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.

**k. Damage to Property**

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"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 an insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are 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, explosion or water) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days, for which the amount we will pay is limited to the Damage to Premises Rented to You Limit as described in **SECTION II - BUSINESS LIABILITY, D. Liability and Medical Expenses Limits of Insurance, 4.**

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".

#### **I. Damage to Your Product**

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"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**

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

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

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

#### **p. Personal and Advertising Injury**

"Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge

that the act would violate the rights of another and would inflict "personal and advertising injury";

- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the later of the following:
  - (a) The inception of this policy; or
  - (b) The "coverage term" in which insurance coverage is sought.
- (4) Arising out of a criminal act committed by or at the direction of the insured;
- (5) 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:
  - (a) That the insured would have in the absence of the contract or agreement; or
  - (b) Assumed in a contract or agreement that is an "insured contract", provided the "personal and advertising injury" is caused by or arises out of an offense committed subsequent to the execution of the contract or agreement. When a claim for such "personal and advertising injury" is made, we will defend that claim, provided the insured has assumed the obligation to defend such claim in the "insured contract". Such defense payments will not reduce the Limits of Insurance.
- (6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".
- (7) Arising out of the failure of goods, products or services to conform with any statement of

quality or performance made in your "advertisement".

- (8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement".
- (9) Committed by an insured whose business is:
  - (a) Advertising, broadcasting, publishing or telecasting;
  - (b) Designing or determining content of web-sites for others; or
  - (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **17.a.**, **b.**, and **c.** of "personal and advertising injury" under **SECTION II - BUSINESS LIABILITY, F. Liability and Medical Expenses Definitions.**

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

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

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assessing the effects of "pollutants".

**(12)** Arising out of an electronic chatroom or bulletin board any insured hosts, owns or over which any insured exercises control.

**(13)** Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

**(14)** Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

**(15)** To:

**(a)** A person arising out of any:

- 1)** Refusal to employ that person;
- 2)** Termination of that person's employment; or
- 3)** Other employment-related practices, policies, acts or omissions including but not limited to coercion, criticism, demotion, evaluation, failure to promote, re-assignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

**(b)** The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs **1), 2)** or **3)** above is directed.

This exclusion applies:

**(a)** Whether the insured may be liable as an employer or in any other capacity; and

**(b)** To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**(16)** Arising out of, attributable to, or any way related to asbestos in any form or transmitted in any manner.

**(17)** Arising out of an additional insured added by attachment of an endorsement to this policy that is seeking coverage for a claim or "suit", if that additional insured knew, per the following paragraph, that a "personal and advertising injury" offense had been committed or had begun to be committed, in whole or in part, prior to the "coverage term" in which such offense was committed or began to be committed.

An additional insured added by attachment of an endorsement to this policy will be deemed to have known that a "personal and advertising injury" offense has been committed or has begun to be committed at the earliest time when that additional insured, or any one of its owners, members, partners, managers, executive officers, "employees" assigned to manage that additional insured's insurance program, or "employees" assigned to give or receive notice of a "personal and advertising injury" offense, claim or "suit":

**(a)** Reports all, or any part, of the "personal and advertising injury" to us or any other insurer;

**(b)** Receives a written or verbal demand or claim for damages because of the "personal and advertising injury";

**(c)** First observes or reasonably should have first observed, the offense that caused the "personal and advertising injury";

**(d)** Becomes aware, or reasonably should have be-

come aware, by any means other than as described in (c) above, that the "personal and advertising injury" offense had been committed or had begun to be committed; or

- (e) Becomes aware, or reasonably should have become aware, of a condition from which "personal and advertising injury" is substantially certain to occur.
- (18) Arising directly or indirectly out of any action or omission that violates or is alleged to violate:
- (a) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
  - (b) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
  - (c) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

**q. Asbestos**

"Bodily injury" or "property damage" arising out of, attributable to, or any way related to asbestos in any form or transmitted in any manner.

**r. Employment-Related Practices**

"Bodily injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Other employment-related practices, policies, acts or omissions including but not limited to coercion, criticism, demotion, evaluation, failure to promote, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b) or (c) above is directed.

This exclusion applies:

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

**s. Additional Insured Prior Knowledge**

An additional insured added by attachment of an endorsement to this policy that is seeking coverage for a claim or "suit", if that additional insured knew, per the following paragraph, that "bodily injury" or "property damage" had occurred or had begun to occur, in whole or in part, prior to the "coverage term" in which such "bodily injury" or "property damage" occurs or begins to occur.

An additional insured added by attachment of an endorsement to this policy will be deemed to have known that "bodily injury" or "property damage" has occurred or has begun to occur at the earliest time when that additional insured, or any one of its owners, members, partners, managers, executive officers, "employees" assigned to manage that additional insured's insurance program, or "employees" assigned to give or receive notice of an "occurrence", claim or "suit".

- (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";
- (3) First observes, or reasonably should have first observed, the "bodily injury" or "property damage";
- (4) Becomes aware, or reasonably should have become aware, by any means other than as de-

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scribed in (3) above, that "bodily injury" or "property damage" had occurred or had begun to occur; or

- (5) Becomes aware, or reasonably should have become aware, of a condition from which "bodily injury" or "property damage" is substantially certain to occur.

**t. 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".

**u. Distribution of Material in Violation of Statutes**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

Exclusions c. through r. do not apply to "property damage" by fire, explosion or water to premises while rented to you or temporarily occupied by you with permission of the owner, for which the amount we will pay is limited to the Damage to Premises Rented to You Limit as described in Section **D. Liability and Medical Expenses Limits of Insurance**.

**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 any person injured while officiating, coaching, practicing for, instructing or participating in any physical exercises or games, sports, or athletic contests or exhibitions of an athletic or sports nature.
- f. Resulting from injury or damages arising out of any claim alleging professional liability or malpractice.
- g. Included within the "products-completed operations hazard".
- h. Excluded under Section **A. Coverages, 1. Business Liability**.

**3. Applicable to both Business Liability Coverage and Medical Expenses Coverage - Nuclear Energy Liability Exclusion**

This insurance does not apply:

- a. Under any 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, Nuclear Insurance Association of Canada, or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
  - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
    - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
    - (b) The insured is, or had this policy not been issued would be, entitled to indem-

nity 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 any 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 any Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "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" includes radioactive, toxic or explosive properties;

**(3)** "Nuclear facility" means:

**(a)** Any "nuclear reactor";

**(b)** Any equipment or device designed or used for:

**1)** Separating the isotopes of uranium or plutonium;

**2)** Processing or utilizing "spent fuel"; or

**3)** 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

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Atomic Energy Act of 1954 or in any law amendatory thereof.

- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".
- (10) "Waste" means any waste material:
  - (a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
  - (b) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs (a) and (b) of the definition of "nuclear facility".

### C. Who is an Insured

- 1. If you are designated in the Declarations as:
  - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - 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" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
      - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
      - (d) Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are pharmacists in your retail druggist or drugstore operation, they are insured with respect to their providing or failing to provide professional health care services; or

(2) "Property damage" to property:

(a) Owned, occupied or used by,

(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

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

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

(1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

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

3. 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, insurance under this provision:

a. Is afforded only until the 90th day after you acquire or form the organization or the end of the Policy Period, whichever is earlier;

b. Does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

c. 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 a Named Insured in the Declarations.

#### D. Liability and Medical Expenses Limits of Insurance

1. The Limits of Insurance 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. Subject to 6.a. or 6.b. below, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of all damages because of all "bodily injury", "property damage" and medical expenses arising out of any one "occurrence".

3. Subject to 6.a.(1) below, the Personal and Advertising Injury Limit is the most we will pay for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

4. Subject to 2. above, the Damage to Premises Rented to You Limit is the most we will pay under Business Liability Coverage for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, explosion or water, while rented to you or temporarily occupied by you with permission of the owner.

5. Subject to 2. above, the Medical Expense Limit is the most we will pay for all medical expenses because of "bodily injury" sustained by any one person.

#### 6. Aggregate Limits

a. General Aggregate

(1) The General Aggregate Limit is the most we will pay for the sum of:

(a) "Bodily injury" or "property damage", except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and

(b) Medical expenses; and

(c) All "personal and advertising injury" caused by offenses committed.

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This General Aggregate Limit will not apply if the Location General Aggregate Limit of Insurance, Paragraph **6.a.(2)**, applies.

- (2) A separate Location General Aggregate Limit of Insurance, equal to the amount of the General Aggregate Limit shown in the Declarations, shall apply to each location owned by, or rented or leased to you and is the most we will pay for the sum of:

(a) "Bodily injury" or "property damage", except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and

(b) Medical expenses,

which can be attributed to operations at only a single location owned by, or rented or leased to you.

- (3) Only for the purpose of determining which General Aggregate Limit of Insurance, **6.a.(1)**, or **6.a.(2)**, applies, 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.

b. The Products-Completed Operations Aggregate Limit is the most we will pay for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard." and for the professional health care services of a retail druggist or drug store.

The Limits of Insurance of this policy apply separately to each "coverage term".

## E. Liability and Medical Expenses General Conditions

### 1. Bankruptcy

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

### 2. Duties in the Event of Occurrence, Offense, Claim or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or a "personal and advertising injury" 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 which 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, 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.

#### 5. Two or More Policies Issued by Us

If this policy and any other policy issued to you by us or any company affiliated with us apply to the same "occurrence" or "personal and advertising injury" offense, the aggregate maximum limit of insurance under all the policies shall not exceed the highest applicable limit of insurance under any one policy. This condition does not apply to any policy issued by us or an affiliated company specifically to apply as excess insurance over this policy.

### F. Liability and Medical Expenses Definitions

1. "Advertisement" means a notice that is broadcast, telecast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. "Advertisement" includes a publicity article. 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 purpose of attracting customers or supporters is considered an "advertisement".

#### 2. "Authorized representative" means:

- a. If you are designated in the Declarations as:
  - (1) An individual, you and your spouse are "authorized representatives".
  - (2) A partnership or joint venture, your members, your partners, and their spouses are "authorized representatives".
  - (3) A limited liability company, your members and your managers are "authorized representatives".
  - (4) An organization other than a partnership, joint venture or limited liability company, your "executive officers" and directors are "authorized representatives". Provided you are not a publicly traded organization, your stockholders are also "authorized representatives".
  - (5) A trust, your trustees are "authorized representatives".
- b. Your "employees":
  - (1) Assigned to manage your insurance program; or
  - (2) Responsible for giving or receiving notice of an "occurrence", "personal and advertising injury" offense, claim or "suit";

are also "authorized representatives".

#### 3. "Auto" means

- a. A land motor vehicle, trailer or semi-trailer 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 law in the state where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".



4. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
5. "Coverage term" means the following individual increment, or if a multi-year policy period, increments, of time, which comprise the Policy Period of this policy:
- a. The year commencing on the Effective Date of this policy at 12:01 AM standard time at your mailing address shown in the Declarations, and if a multi-year policy period, each consecutive annual period thereafter, or portion thereof if any period is for a period of less than 12 months, constitute individual "coverage terms". The last "coverage term" ends at 12:00 AM standard time at your mailing address shown in the Declarations on the earlier of:
    - (1) The day the Policy Period shown in the Declarations ends; or
    - (2) The day the policy is terminated or cancelled.
  - b. However, if after the issuance of this policy, any "coverage term" is extended for an additional period of less than 12 months, that additional period of time will be deemed to be part of the last preceding "coverage term".
6. "Coverage territory" means:
- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace but only if the injury or damage occurs in the course of travel or transportation between any places included in **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 **a.** above;
    - (2) The activities of a person whose home is in the territory described in **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 **a.** above or in a settlement to which we agree.
7. "Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, hard or floppy disks, CD-ROMS, tapes, including systems and applications software, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
  8. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
  9. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
  10. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
  11. "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:

      - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
      - b. Your fulfilling the terms of the contract or agreement.
  12. "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 "property damage" by fire, explosion or water 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", "property damage" or "personal and advertising injury" 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", "property damage" or "personal and advertising injury" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- (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, architectural or engineering activities;

- (4) That indemnifies an advertising, public relations or media consulting firm for "personal and advertising injury" arising out of the planning, execution or failure to execute marketing communications programs. Marketing communications programs include but are not limited to comprehensive marketing campaigns; consumer, trade and corporate advertising for all media; media planning, buying, monitoring and analysis; direct mail; promotion; sales materials; design; presentations; point-of-sale materials; market research; public relations and new product development;

- (5) Under which the insured, if an advertising, public relations or media consulting firm, assumes liability for "personal and advertising injury" arising out of the insured's rendering or failure to render professional services, including those services listed in Paragraph (4) above;

- (6) That indemnifies a web-site designer or content provider, or Internet search, access, content or service provider for injury or damage arising out of the planning, execution or failure to execute Internet services. Internet services include but are not limited to design, production, distribution, maintenance and administration of web-sites and web-banners; hosting web-sites; registering domain names; registering with search engines; marketing analysis; and providing access to the Internet or other similar networks; or

- (7) Under which the insured, if a web-site designer or content provider, or Internet search, access, content or service provider, assumes liability for injury or damage arising out of the insured's rendering or failure to render Internet services, including those listed in Paragraph (6) above.

- 13. "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" includes supervisors furnished to

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you by the labor leasing firm. "Leased worker" does not include a "temporary worker".

**14.** "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".

**15.** "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, maintained primarily to provide mobility to 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 **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 **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 any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

**16.** "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

**17.** "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a.** False arrest, detention or imprisonment;
- b.** Malicious prosecution;
- c.** The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d.** Oral or written publication, in any manner, of material that slanders or libels a person or organization or

disparages a person's or organization's goods, products or services;

- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
- 18.** "Pollutant" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, petroleum, petroleum products and petroleum by-products, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. "Pollutants" include but are not limited to substances which are generally recognized in industry or government to be harmful or toxic to persons, property or the environment regardless of whether the injury or damage is caused directly or indirectly by the "pollutants" and whether:
- a. The insured is regularly or otherwise engaged in activities which taint or degrade the environment; or
  - b. The insured uses, generates or produces the "pollutant".
- 19.** "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; or
      - (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; or
      - (c) When that part of the work done at a job site has been put to its intended use by any 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.

**20.** "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.

- 21.** "Suit" means a civil proceeding in which money 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;

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- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent; or
    - c. An appeal of a civil proceeding.
  - 22. "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.
  - 23. "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.
  - 24. "Workplace" means that place and during such hours to which the "employee" sustaining "bodily injury" was assigned by you, or any other person or entity acting on your behalf, to work on the date of "occurrence".
  - 25. "Your product":
    - a. Means:
      - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
        - (a) You;
        - (b) Others trading under your name; or
      - (c) A person or organization whose business or assets you have acquired; and
    - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
  - b. Includes:
    - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
    - (2) The providing of or failure to provide warnings or instructions.
  - c. Does not include vending machines or other property rented to or located for the use of others but not sold.
26. "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

All Coverages of this policy are subject to the following conditions unless otherwise indicated herein.

### A. Cancellation

All Coverages of this policy, except **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, j. Employee Dishonesty**, are subject to this condition, Section **A. Cancellation**:

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

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

a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.

(1) The building has been vacant or unoccupied 60 or more consecutive days.

This does not apply to:

(a) Seasonal unoccupancy; or

(b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

(2) After damage by a Covered Cause of Loss, permanent repairs to the building:

(a) Have not started; and

(b) Have not been contracted for;

within 30 days of initial payment of loss.

(3) The building has:

(a) An outstanding order to vacate;

(b) An outstanding demolition order; or

(c) Been declared unsafe by governmental authority.

(4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

(5) Failure to:

(a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

(b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

b. 10 days before the effective date of cancellation if we cancel for non-payment 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 canceled, we will send the first Named Insured any premium refund due. If we or the first Named Insured cancels, the refund will be 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

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or waived only by endorsement issued by us and made a part of this policy.

### C. Concealment, Misrepresentation or Fraud

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

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

### D. Examination of Your Books and Records

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

### E. Inspections and Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe 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.

### 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, within 60 days prior to the beginning of this insurance or during the Policy Period, we make any changes to any forms or endorsements of this insurance for which there is currently no separate premium charge, and that change provides more coverage than this insurance, the change will automatically apply to this insurance as of the latter of:

1. The date we implemented the change in your state; or
2. The date this insurance became effective; and

will be considered as included until the end of the current Policy Period. We will make no additional premium charge for this additional coverage during the interim.

### H. Other Insurance

1. Under **SECTION I - PROPERTY**, 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. However, we will not reimburse any deductible or difference between "actual cash value" and Replacement Cost valuations. We will not pay more than the applicable Limit of Insurance.
2. If other valid and collectible insurance is available to the insured for a loss we cover under **SECTION II - BUSINESS LIABILITY** of this policy, our obligations are limited as follows:

#### a. Primary Insurance

This insurance is primary except when **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **c.** below.

#### b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

- (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar insurance for "your work";
  - (b) That is Fire, Explosion or Water Damage insurance for premises rented to you or temporarily occupied by you with permission of the owner;
  - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
  - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to **SECTION II - BUSINESS LIABILITY, B. Exclusions, 1. Applicable to Business Liability Coverage, g. Aircraft, Auto or Watercraft.**
- (2) Any other primary insurance available to the insured covering liability for damages arising out of the premises or operations, or the products and completed operations, for which the insured has been added as an additional insured by attachment of an endorsement.
- (3) Any other insurance:
- (a) Whether primary, excess, contingent or on any other basis, except when such insurance is written specifically to be excess over this insurance; and
  - (b) That is a consolidated (wrap-up) insurance program which has been provided by the prime contractor / project manager or owner of the consolidated project in which you are involved.

When this insurance is excess, we will have no duty under **SECTION II - BUSINESS LIABILITY** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". 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.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this policy.

### c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all 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.
- 3. 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.

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## **J. Transfer of Rights of Recovery Against Others to Us**

### **1. Applicable to SECTION I - PROPERTY:**

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 SECTION II - BUSINESS LIABILITY:**

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.

## **K. 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.

## **L. Time of Inception**

The time of inception and the time of expiration of this policy and of any schedule or endorsement attached shall be 12:01 A.M. standard time.

To the extent that coverage in this policy replaces coverage in other policies terminating at noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has terminated.

## **M. Assignment of Interest**

Assignment of interest under this policy shall not be valid except with our written consent.

## **N. Knowledge and Acts of Agents**

- 1.** If any of our agents know any fact that breaches a condition of this policy, we will be considered to know it also if that fact:
  - a.** Is known to the agent at the time the policy is issued or an application made; or
  - b.** Later becomes known to the agent in the course of his or her dealings as an agent with you.
- 2.** Any fact that breaches a condition of the policy and is known to the agent before the loss will not:
  - a.** Void this policy; or
  - b.** Prevent a recovery in the event of loss.

## **O. Nonrenewal**

- 1.** We may elect to nonrenew this policy for any reason not contrary to law.
- 2.** We may nonrenew this policy by mailing or delivering a written notice of nonrenewal to the first Named Insured at least 30 days before the effective date of the nonrenewal.
- 3.** We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- 4.** Notice of nonrenewal will state the effective date of nonrenewal. The Policy Period will end on that date.
- 5.** If notice is mailed, proof of mailing will be sufficient proof of notice.

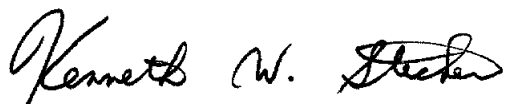
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## SECTION IV - STATE CONFORMANCE

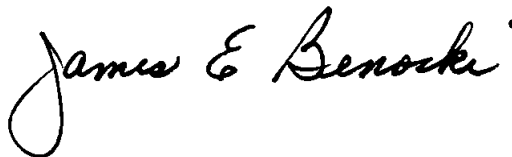
### CONFORMANCE

The terms of this insurance which are in conflict with the applicable statutes of the state wherein this insurance is issued are amended to conform to such statutes per attached state amendatory endorsements.

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



Secretary



President

### Arizona, Virginia and Wisconsin Exception:

Where it may be stated that a policy shall not be valid or effective until countersigning on the Declarations Page by a duly authorized agent of the company, this statement does not apply to policies issued or delivered in Arizona, Virginia and Wisconsin.

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

## **BUSINESSOWNERS PACKAGE POLICY AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS PACKAGE POLICY**

#### **A. Electronic Data Processing Property**

(\$80,000  
- \$500)

**SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, h. Electronic Data Processing Property, (1)** is increased from \$10,000 to \$25,000 for each "premises" unless otherwise stated or endorsed hereon.

Debris Removal Expense \$ 40,000  
Debris Removal Expense Payable  
Basic Amount \$ 10,500  
Additional Amount \$ 25,000

#### **B. Debris Removal**

1. **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, i. Debris Removal, (4)** is increased from \$10,000 to \$25,000 in any one occurrence for each "premises".

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).

2. **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, i. Debris Removal, (5)** Examples is deleted in its entirety and replaced by:

##### **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)**.

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.

##### **Example #2**

Limit of Insurance \$ 90,000  
Amount of Deductible \$ 500  
Amount of Loss \$ 80,000  
Amount of Loss Payable \$ 79,500

#### **C. Employee Dishonesty**

**SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, j. Employee Dishonesty, (3)** is increased from \$10,000 to \$25,000 in any one occurrence unless otherwise endorsed hereon.

#### **D. Fire Department Service Charge**

**SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, i. Fire Department Service Charge** is increased from \$5,000 to

\$25,000 in any one occurrence for each "premises".

**E. Forgery or Alteration**

**SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, m. Forgery or Alteration, (3)** is increased from \$2,500 to \$25,000 in any one occurrence, unless otherwise endorsed hereon.

**F. Money and Securities**

**1. SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, o. Money and Securities, (3)(a)** is increased from \$10,000 to \$15,000.

**2. SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, o. Money and Securities, (3)(b)** is increased from \$2,500 to \$5,000.

**G. Pollutant Clean Up and Removal**

**SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, p. Pollutant Clean Up and Removal** is increased from \$10,000 to \$25,000 for each "premises".

**H. Outdoor Property**

**SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, k. Outdoor Property** is increased from \$5,000 to \$10,000 in any one occurrence for each "premises" unless otherwise endorsed hereon.

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

**MINNESOTA CHANGES**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS PACKAGE POLICY  
DENTIST'S PACKAGE POLICY  
EMPLOYMENT PRACTICES LIABILITY COVERAGE**

**A. Cancellation of Policies Covering Buildings  
Not Used for Residential Purposes**

The following provisions apply except when Paragraph **B.** of this endorsement applies.

**SECTION III - COMMON POLICY CONDITIONS, A. Cancellation** is replaced by the following:

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, subject to the provisions of **A.3.** below, by first class mailing, or by delivery, of a written notice of cancellation to the first Named Insured and any agent, to their last mailing addresses known to us. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
3. If this policy has been in effect for:
  - a. Fewer than 90 days and is a new policy, we may cancel for any reason by giving notice at least:
    - (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
    - (2) 30 days before the effective date of cancellation, if we cancel for any other reason.
  - b. 90 days or more, or if it is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:
    - (1) Nonpayment of premium;
    - (2) Misrepresentation or fraud made by you or with your knowledge in obtaining the policy or in pursuing a claim under the policy;
    - (3) An act or omission by you that substantially increases or changes the risk insured;
    - (4) Refusal by you to eliminate known conditions that increase

the potential for loss after notification by us that the condition must be removed;

- (5) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
- (6) Loss of reinsurance by us which provided coverage to us for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise the policyholder that he or she has 10 days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within 30 business days after receipt of the appeal;
- (7) A determination by the commissioner that the continuation of the policy could place us in violation of the Minnesota insurance laws; or
- (8) Nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance. This provision for cancellation for failure to pay dues shall not be applicable to persons who are retired at 62 years of age or older or who are disabled according to social security standards.

Under this Paragraph **A.3.b.**, we will give notice at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium. The cancellation notice shall

contain the information regarding the amount of premium due and the due date, and shall state the effect of nonpayment by the due date. Cancellation shall not be effective if payment of the amount due is made prior to the effective date of cancellation; or

(2) 60 days before the effective date, if we cancel for a reason described in 3.b.(2) through (8) above. The notice of cancellation will state the reason for cancellation.

4. 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.
5. Unless otherwise specifically required, proof of mailing of any notice shall be sufficient proof of notice.

**B. Cancellation of Policies Covering Buildings Used for Residential Purposes (Other Than Hotels or Motels)**

1. When this policy covers buildings used for residential purposes (other than hotels or motels), and has been:
  - a. In effect for a least 60 days, or
  - b. Renewed by us,

**SECTION III - COMMON POLICY CONDITIONS, A. Cancellation, 2. and A. Cancellation, 6.** do not apply, and the following is added to **SECTION III - COMMON POLICY CONDITIONS, A. Cancellation:**

We may not cancel this policy, except for:

- a. Nonpayment of premium;
- b. Misrepresentation or fraud made by you or with your knowledge:
  - (1) In obtaining this policy; or
  - (2) In connection with a claim under this policy;
- c. An act or omission by you that materially increases the risk we originally accepted; or
- d. A physical change in the Covered Property which:
  - (1) Is not corrected or restored within a reasonable time after it occurs; and

(2) Results in the property becoming uninsurable.

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation. The notice of cancellation will contain the reason for cancellation.

2. When this policy covers buildings used for residential purposes (other than hotels or motels), and is a new policy which has been in effect fewer than 60 days, cancellation is subject to the terms of the **Cancellation** Common Policy Condition except for Paragraph **A.2.**, and is not subject to Paragraph **A.** or Paragraph **B.1.** of this endorsement. Under this Item **B.2.**, Paragraph **A.2.** of the **Cancellation** Common Policy Condition is replaced by the following:

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation.

**C. SECTION III - COMMON POLICY CONDITIONS, O. Nonrenewal** is replaced by the following:

If we decide not to renew this policy, we may do so by giving the first Named Insured and any agent written notice of our intent not to renew at least 60 days before the expiration date of this policy. Such notice will be delivered or mailed by first class mail to their last mailing addresses known to us.

We need not mail or deliver this notice if you have:

1. Insured elsewhere;
2. Accepted replacement coverage; or
3. Agreed not to renew this policy.

Unless otherwise specifically required, proof of mailing of any notice shall be sufficient proof of notice.

**D. SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment, g.** is replaced by the following:

- g. Provided you have complied with all the terms of this policy, we will pay for covered loss or damage within 5 business days after:
  - (1) We have received the Proof of Loss; and
  - (2) We have reached an agreement with you or, in the event we use an inde-

pendent claims adjuster, we have received the agreement and you have satisfied the conditions of the agreement, if any; or an appraisal award has been made.

**E. The following is added to SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment:**

- h.** We agree that in the event of a total loss, the Limit of Insurance for a building which is Covered Property represents its value.

**F. SECTION III - COMMON POLICY CONDITIONS, D. Examination of Your Books and Records is replaced by the following:**

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 one year afterward.

**G. SECTION III - COMMON POLICY CONDITIONS, C. Concealment, Misrepresentation or Fraud is replaced by the following with respect to loss or damage caused by fire:**

We do not provide coverage to the insured who has:

1. Before a loss, willfully; or
2. After a loss, willfully and with intent to defraud;

concealed or misrepresented any material fact or circumstances concerning:

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

**H. SECTION III - COMMON POLICY CONDITIONS, C. Concealment, Misrepresentation or Fraud is replaced by the following with respect to loss or damage caused by a covered Cause of Loss other than fire:**

We will not pay for any loss or damage if any insured has:

1. Before a loss, willfully; or
2. After a loss, willfully and with intent to defraud;

concealed or misrepresented any material fact or circumstances concerning:

- a. This policy;
- b. The Covered Property;
- c. That insured's interest in the Covered Property; or

- d. A claim under this policy.

**I. SECTION III - COMMON POLICY CONDITIONS, J. Transfer of Rights of Recovery Against Others to Us is replaced by the following:**

**1. Applicable to SECTION I - PROPERTY:**

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. However, our rights do not apply against:

- a. An insured; or
- b. Any person or organization insured under another policy which was issued by us and responds to the same loss;

provided the loss was not intentionally caused by such insureds.

**2. 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 the time of loss, that party is one of the following:

**(1)** Someone insured by this insurance, unless the loss was caused intentionally by such insured;

**(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.

**3. Applicable to SECTION II - BUSINESS LIABILITY:**

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.

Our rights do not apply against any person or organization insured under this or any other policy we issue with respect to the same "occurrence", provided the "occurrence" was not intentionally caused by such insureds.

**J. The following is added to SECTION I - PROPERTY, A. Coverages, 3. Covered Causes of Loss:**

We insure for all loss or damage caused by fire or any damage caused by lightning.

**K. SECTION I - PROPERTY, E. Property Loss Conditions, 3. Duties in the Event of Loss or Damage, is amended as follows:**

Paragraph **a.(3)** is deleted.

Paragraphs **a.(6)** and **a.(7)** are replaced by the following:

**(6)** As often as we reasonably require;

**(a)** Permit us to inspect the property. Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis;

**(b)** Provide us with records and documents reasonably related to the loss, or certified copies if the originals are lost, and permit us to make copies.

**(7)** Send us, within 60 days after our request, a signed, sworn Proof of Loss containing the following information we require to investigate the claim:

**(a)** A description of how and when the loss or damage occurred;

**(b)** The value of the property, except in the case of a total loss of an insured building;

**(c)** The interest of the insured and all others in the property; and

**(d)** Other insurance which may cover the loss or damage.

We will supply you with the necessary forms.

The following is added to Paragraph **a.:**

**(10)** Send to us, within a reasonable time after our request, the following:

**(a)** Changes in title or occupancy of the property during the term of the policy; and

**(b)** Specifications of damaged buildings and detailed repair estimates.

Paragraph **b.** is replaced by the following:

**b.** After we inform an insured:

**(1)** Of the right to counsel; and

**(2)** That an insured's answers may be used against the insured in later civil or criminal proceedings;

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. In the event of an examination, an insured's answers must be signed.

**L. SECTION I - PROPERTY, F. Property General Conditions, 2. Mortgageholders, Paragraphs a. and d. are replaced by the following:**

**a.** The term mortgageholder includes trustees and contract for deed vendors.

**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 premium due under the 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.

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

The following paragraph is added to the **Mortgageholders** Condition:

**h.** We will notify the mortgageholder of changes to this policy that result in a substantial reduction of coverage to the mortgaged property.

**M. The following is added to Paragraph 1., SECTION I - PROPERTY, D. Deductibles:**

The deductible will not apply to total loss of a building.

**N. SECTION I - PROPERTY, B. Exclusions, 1.a. Ordinance or Law is replaced by the following:**

**a. Ordinance or Law**

The enforcement of any ordinance or law:

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



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

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

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) 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.

But:

- (1) This exclusion does not apply to "loss" covered under **5. Additional Coverages, b. Building Laws Safeguard**.
- (2) If "loss" is solely a result of one or more Covered Causes of Loss, we will pay for your compliance with such ordinance or law, subject to all other provisions of this policy, including those listed below, as follows:
  - (a) In the event of a partial loss, if the building is insured on a replacement cost basis, we will pay for your compliance but only with respect to the damaged portion of the building.
  - (b) In the event of a total or constructive total loss, we will pay for your compliance with respect to the entire building.
  - (c) We will not pay under this provision for 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".

**O. SECTION II - BUSINESS LIABILITY, A., Coverages, 1. Business Liability, Coverage Extension Supplementary Payments, d.(6),** is replaced by the following:

- (6) Prejudgment interest awarded against you on that part of the judgment we pay.

**P. The following is added to SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment:**

**h. Replacement Cost - Business Personal Property**

1. We will not pay more for "loss" on a replacement cost basis than the least of:
  - a. The Limit of Insurance applicable to the lost or damaged property;
  - b. The applicable Special Limit of Insurance shown in **h.2.a., h.2.b., h.2.c., and h.2.d.** of this endorsement;
  - c. The cost to replace, on the same premises, the lost or damaged property with other property of comparable material and quality and used for the same purpose; or
  - d. The amount you actually spend that is necessary to repair or replace the lost or damaged property.
2. The following Special Limits of Insurance apply to any category of property listed below, unless higher Special Limits of Insurance are shown in the Declarations. These Special Limits are part of, not in addition to, any Limit of Insurance shown in the Declarations, and apply in excess of any applicable deductible. The Special Limit of Insurance shown for any category listed below is the most we will pay for loss or damage to all property in that category in any one occurrence.
  - a. \$1,000 on used or second-hand merchandise held in storage or for sale;
  - b. \$1,000 on property of others;
  - c. \$1,000 on household contents, except personal property in apartments or rooms furnished by you as landlord;
  - d. \$5,000 on manuscripts, works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains, and bric-a-brac.

With respect to the articles described in **h.2.a., h.2.b., h.2.c., and h.2.d.**, above, in no event will we pay you less than we would have paid you if this endorsement were not attached to the policy.

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

## **MINNESOTA CHANGES - REPLACEMENT COST - PERSONAL PROPERTY**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS PACKAGE POLICY DENTIST'S PACKAGE POLICY**

If the Declarations indicate that the Replacement Cost Optional Coverage applies to personal property, that Coverage is replaced by the following with respect to such property:

- A.** In the event of loss or damage we will determine the value of personal property on the basis of replacement cost without deduction for depreciation, subject to the following:
- 1.** We will not pay more for loss or damage on a replacement cost basis than the least of:
    - a.** The Limit of Insurance applicable to the lost or damaged property;
    - b.** The applicable Special Limit of Insurance shown in **B.1.**, **B.2.**, **B.3.**, and **B.4.** of this endorsement;
    - c.** The cost to replace, on the same premises, the lost or damaged property with other property of comparable material and quality and used for the same purpose; or
    - d.** The amount you actually spend that is necessary to repair or replace the lost or damaged property.
  - 2.** You may make a claim for loss or damage covered under this endorsement on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- 3.** We will not pay on a replacement cost basis for any loss or damage:
- a.** Until the lost or damaged property is actually repaired or replaced; and
  - b.** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- B.** With respect to the coverage provided by this endorsement, the following Special Limits of Insurance apply, unless higher Special Limits of Insurance are shown in the Declarations. These Special Limits of Insurance are part of, not in addition to, any Limit of Insurance shown in the Declarations, and apply in excess of any applicable deductible. The Special Limit of Insurance shown for any category listed below or in the Declarations is the most we will pay for loss of or damage to all property in that category in any one occurrence.
- 1.** \$1,000 on property of others.
  - 2.** \$1,000 on contents of a residence.
  - 3.** \$5,000 on manuscripts, works of art, antiques or rare articles including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac, but not exceeding \$1,000 for any one article.
  - 4.** \$1,000 on "stock".
- With respect to the articles described in **B.1.**, **B.2.**, **B.3.**, and **B.4.** above, in no event will we pay you less than we would have paid you if this endorsement were not attached to this policy.

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# **NOTICE TO POLICY HOLDERS FUNGI OR BACTERIA EXCLUSION ENDORSEMENTS**

## **RESTRICTIONS OF COVERAGE**

This is a summary of the new fungi or bacteria liability exclusion endorsements. **NO COVERAGE IS PROVIDED BY THIS SUMMARY.** Nor can it be construed to replace any provision of your policy. **YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE CAREFULLY** for complete information on the coverage that you are provided. If there is any conflict, between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

Your policy now specifically excludes coverage for fungi, including mold, and bacteria liability claims. The definition of fungi included within the forms is:

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

We are introducing these new endorsements in response to the increasing frequency and severity of claims. Other exclusions and language in the policy may address some elements of injury or damage arising from "fungi", including mold, or bacteria exposure. To avoid any confusion we are introducing separate exclusionary language.

These endorsements vary only with respect to the Coverage Form to which they apply. The endorsements exclude your liability to others arising from:

- Injury or damage caused by "fungi" or bacteria;
- The treatment of conditions resulting from "fungi" or bacteria;
- Information given or which should have been given about "fungi" or bacteria; and
- Any obligation to share damages with, or repay anyone due to injury or damage arising from "fungi" or bacteria.

The exclusion applies regardless of any other concurrent cause or the sequence in which injury or damage develops.

The only exception to the exclusion of "fungi", including mold, or bacteria is with regard to "fungi", including mold, or bacteria intended for human ingestion.

# POLICYHOLDER NOTICE

## TERRORISM INSURANCE COVERAGE

**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.**

Your policy may contain coverage for certain losses caused by terrorism.

### **Premium:**

In accordance with the federal Terrorism Risk Insurance Act, we are required to notify you of the portion of the premium, if any, attributable to the coverage for terrorist acts certified under the Terrorism Risk Insurance Act.

- Refer to the SUMMARY OF PREMIUMS CHARGED or DECLARATIONS PAGE for the portion of your premium that is attributable to coverage for terrorist acts certified under the Act.

### **Federal Participation:**

The Act also requires us to provide disclosure of federal participation in payment of terrorism losses.

- Under your policy, any losses caused by certified acts of terrorism would be partially reimbursed by the United States Government, Department of Treasury, under a formula established by federal law. Under this formula, the federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

### **Cap on Insurer Participation:**

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

**NOTE: IF YOUR POLICY IS A RENEWAL POLICY, THIS NOTICE IS PROVIDED TO SATISFY THE REQUIREMENTS UNDER THE TERRORISM RISK INSURANCE ACT FOR POLICYHOLDER DISCLOSURE: (1) AT THE TIME OF OUR OFFER TO RENEW THE POLICY AND (2) AT THE TIME THE RENEWAL IS COMPLETED.**

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

## **TOWNHOUSE CONDOMINIUM ASSOCIATION ENHANCEMENT ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS PACKAGE POLICY**

**A. SECTION I - PROPERTY, A. Coverages, 1. Covered Property, a.** Buildings is deleted in its entirety and replaced by the following:

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

- (1)** Completed additions;
- (2)** Permanently installed:
  - (a)** Fixtures;
  - (b)** Machinery;
  - (c)** Equipment;
  - (d)** Signs;
  - (e)** Awnings and Canopies; and
  - (f)** Building glass as provided in **6. Coverage Extensions, e. Glass;**

**(3)** Outdoor fixtures;

**(4)** 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)** Swimming pool equipment;
- (d)** Floor coverings; and
- (e)** Appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering that are not contained within individual units;

**(5)** If not covered by other insurance:

- (a)** Additions under construction, alterations and repairs to the buildings or structures; and
- (b)** Materials, equipment, supplies, and temporary structures, on or within 1,000 feet of the "premises", used for making additions, alterations or repairs to the buildings or structures;

**(6)** Any of the following types of property contained within a unit, regardless of ownership, provided your Association agreement requires you to insure it:

**(a)** Fixtures, improvements and alterations that are a part of the buildings or structures; and

**(b)** Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

However, Buildings do not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph **A.1.a.(6)** above.

**B. SECTION I - PROPERTY, A. Coverages, 1. Covered Property, b.** Business Personal Property is deleted in its entirety and replaced by the following:

**b.** Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,000 feet of the "premises", owned:

**(1)** By you; or

**(2)** Indivisibly by all unit-owners and used for the benefit of the association and its members.

This includes your interest in the labor, materials or services furnished or arranged by you on personal property of others.

**(3)** Property of others that is in your care, custody or control and then only to the extent provided in **SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment, d.(3)(b);**

**(4)** Leased personal property used in your business for which you have a contractual responsibility to insure. Such leased property is not considered personal property of others in your care, custody or control; and

- (5) Sales samples.

Business Personal Property does not include:

- (1) Personal property owned solely by a unit-owner, unless it is in your care, custody or control and then only to the extent provided in **SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment, d.(3)(b)**;
- (2) Personal effects owned by you, your officers, your partners, or if you are a limited liability company, your members or your managers, or your employees, (including leased and temporary workers) except to the extent provided in **SECTION I - PROPERTY, 6. Coverage Extensions, I. Personal Effects**.

- C. The last two paragraphs of **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, a. Accounts Receivable, (1)** are deleted in their entirety and replaced by the following:

The most we will pay for "loss" under this Additional Coverage is \$50,000 in any one occurrence for each "premises" unless otherwise endorsed hereon.

This is an additional Limit of Insurance.

- D. **SECTION 1 - PROPERTY, A. Coverages, 5. Additional Coverages, q. Signs**, is deleted in its entirety and replaced by the following:

We will pay for direct physical "loss" to signs (other than signs covered under **A.1.a. Buildings**) at the "premises" from any of the Covered Causes of Loss:

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

The most we will pay for "loss" under this Additional Coverage is \$10,000 in any one occurrence for each "premises" unless otherwise endorsed hereon.

This is an additional Limit of Insurance.

Section **B. Exclusions** does not apply to this Additional Coverage, except for:

- (1) Paragraph **B.1.c., Governmental Action**;
- (2) Paragraph **B.1.d., Nuclear Hazard**;
- (3) Paragraph **B.1.f., War and Military Action**;
- (4) Paragraph **B.2.h., Collapse**;
- (5) Paragraph **B.2.j., Other Types of Loss**;

- (6) Paragraph **B.3.b., Acts or Decisions**; and

- (7) Paragraph **B.3.c., Negligent Work**.

This Additional Coverage, **q. Signs**, is subject to a \$250 deductible as described in **D. Deductibles**.

- E. If you are a Condominium Association, the following is added to **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages**:

#### **MAINTENANCE FEES RECEIVABLE**

1. We will pay you for maintenance fees you are unable, after reasonable effort, to collect from the unit-owner whose unit is rendered untenantable due to a Covered Cause of Loss occurring during the Policy Period.

2. This Additional Coverage applies only to fees which become due during the time reasonably required to restore the damaged units to a tenantable condition.

3. The most we will pay for loss is \$100,000 in any one occurrence.

This is an additional Limit of Insurance.

4. For the purposes of this Additional Coverage only, **SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment** is deleted in its entirety and replaced by the following:

- a. We will pay for covered loss within 30 days after we receive the sworn Proof of Loss, if:

- (1) You have complied with all of the terms of this policy; and

- (2) We have reached agreement with you on the amount of loss or an appraisal award has been made.

- b. After payment of loss, all amounts recovered by you shall be paid to us after you have recovered any loss of maintenance fees in excess of the coverage provided by this Additional Coverage.

- c. You will cooperate with us to recover any unpaid maintenance fees. You will not waive your right to recover receivable maintenance fees without our permission.

**F. SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, a. Alterations, New Buildings and Newly Acquired Property, (2)(c),** is deleted in its entirety and replaced by the following:

- (c) 180 days pass from the date you acquire or begin to construct the Covered Property.

**G. SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, d. Fire Protection Equipment Recharge** is deleted in its entirety and replaced by the following:

**d. Fire Protection Equipment Recharge**

Section **D. Deductibles** does not apply to this Coverage Extension.

You may extend the insurance provided by this policy to cover the expenses you incur to recharge your:

- (1) Portable fire extinguisher when it has been used to combat a covered fire to which this insurance applies; or
- (2) Automatic fire suppression system at the "premises" when leakage or discharge occurs. The leakage or discharge must be caused by or result from a Covered Cause of Loss.

This is in addition to the Limits of Insurance.

**H. SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, h. Newly Acquired or Constructed Property (3)(b),** is deleted in its entirety and replaced by the following:

- (b) 180 days pass from the date you acquire the building or business personal property or begin construction on that part of the building that would qualify as Covered Property; or

**I. The last two paragraphs of SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, m. Property Off-Premises** are deleted in their entirety and replaced by the following:

The most we will pay for "loss" under this Coverage Extension is \$15,000 in any one occurrence unless otherwise endorsed hereon, regardless of the number of locations.

This is an additional Limit of Insurance.

**J. The second paragraph of SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions, n. Transportation** is deleted in its entirety and replaced by the following:

The most we will pay for "loss" under this Coverage Extension is \$15,000 in any one

occurrence unless otherwise endorsed hereon, regardless of the number of locations.

**K. SECTION I - PROPERTY, A. Coverages, 6. Coverage Extensions** is amended by adding the following:

**p. Land**

- (1) We will pay you for the expenses incurred to replace, stabilize or otherwise restore the land necessary to support the insured buildings or structures which sustain a Covered Cause of Loss.

The most we will pay for "loss" under this Coverage Extension is \$10,000 in any one occurrence for each "premises".

This is an additional Limit of Insurance.

- (2) We will not pay to replace, stabilize or otherwise restore the land damaged by a sinkhole collapse.

**q. Other Structures**

- (1) You may extend the insurance provided by this policy for Buildings to cover all buildings used for garaging of automobiles, storage, maintenance or incidental recreational purposes provided that such buildings or structures are located at the "premises".

The most we will pay for "loss" under this Coverage Extension is \$25,000 in any one occurrence, regardless of the number of locations.

This is an additional Limit of Insurance.

- (2) We will not pay for buildings used for or in connection with mercantile or manufacturing operations.
- (3) Other structures do not include community clubhouses, swimming pools, docks, piers and wharves.

**L. SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment** is amended to add the following:

- h. If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.
- i. You may elect not to repair or replace lost or damaged property if:

- (1) The townhouse community is terminated and the Association votes not to repair or replace all or part of it;
- (2) Repair or replacement would be illegal under any state or local health or safety statute or ordinance; or
- (3) 80% of the unit-owners vote not to rebuild. This includes every unit-owner and first mortgage holder of a unit or assigned limited common element that will not be rebuilt.

**M. SECTION I - PROPERTY, E. Property Loss Conditions** is amended to add the following:

- 9. A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

**N. SECTION I - PROPERTY, F. Property General Conditions, 2. Mortgageholders** is deleted in its entirety and replaced by the following:

- a. The term mortgageholder includes trustee.
- b. We will:
  - (1) If the townhouse community is terminated, we will pay for covered loss of, or damage to, buildings or structures to each mortgage holder shown on the Declarations in their order of precedence, as their interests may appear.
  - (2) In all other respects, we will pay for loss to buildings or structures to you or the designated insurance trustee in accordance with the Loss Conditions contained in **SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment.**
- 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" 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 60 days before the effective date of cancellation.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 30 days before the expiration date of this policy.

**O. SECTION II - BUSINESS LIABILITY, C. Who is an Insured** is amended by adding the following:

- 5. A declarant, as defined in the Minnesota Common Interest Ownership Act (MINN. STAT. ANN. Section 515B.1-103) in the declarant's capacity as a unit-owner, but only with respect to liability arising out of the ownership, existence, use or management of that portion of the real property which is not owned solely by a declarant. However, the insurance afforded with respect to a declarant does not apply



to liability for acts or omissions as a declarant.

6. Each other unit-owner or owner of a security interest, but only with respect to liability arising out of the ownership, existence, use or management of that portion of the real property which is not owned solely by the unit-owner or arising out of the unit-owner's membership in the Association.
7. Any agent of yours, and any "employee" or agent of the management agent, while acting within the scope of their duties for you. However, no agent of yours, or agent or "employee" of the management agent is an insured for:
  - a. "Bodily injury" or "personal injury"
    - (1) To a co-"employee" while that co-"employee" is either in the course of his or her employment or while performing duties related to the conduct of your business;
    - (2) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph 6.a.(1) above;
    - (3) To you or an employer, or if the employer is a partnership or joint venture, any partners or members;
    - (4) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs 6.a.(1), (2) or (3) above; or
    - (5) Arising out of his or her providing or failing to provide professional health care services.
  - b. "Property damage" to property:
    - (1) Owned, occupied or used by;
    - (2) 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", an employer or if the employer is a partnership or joint venture, by a partner or member.

**P. SECTION III - COMMON POLICY CONDITIONS, A. Cancellation, 2.** is deleted in its entirety and replaced by the following:

2. We may cancel this policy by mailing or delivering to:

- a. The first Named Insured; and
- b. Each unit-owner and owner of a security interest to whom certificates of insurance were issued,

written notice if cancellation at least 60 days before the effective date of cancellation.

**Q. SECTION III - COMMON POLICY CONDITIONS, J. Transfer of Rights of Recovery Against Others To Us** is amended by adding the following:

3. We waive any rights which the Transfer of Rights of Recovery Against Others To Us condition may give us against:

- a. Any unit-owners, including a declarant, and household members;
- b. The Association; and
- c. Members of the board of directors for acts or omissions within the scope of their duties for you.

We reserve the right, however, to recover against a declarant for liability for acts, or omissions as a declarant.

**R. SECTION III - COMMON POLICY CONDITIONS** is amended to include the following:

**P. Acts Or Omissions By Unit-Owners**

No act or omission by any unit-owner or owner of a security interest, unless acting within the scope of the unit-owner's authority on behalf of the Association, will void this policy or be a condition to recovery under this policy.

**THE CINCINNATI INSURANCE COMPANY  
THE CINCINNATI CASUALTY COMPANY  
THE CINCINNATI INDEMNITY COMPANY**

**NOTICE TO POLICYHOLDERS**

Please be advised that in your application for insurance you disclosed information to The Cincinnati Insurance Company, The Cincinnati Casualty Company and The Cincinnati Indemnity Company. The information disclosed in the application and all information subsequently collected by any of these companies may be shared among all three.

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

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

This endorsement modifies insurance provided under the following:

**All Commercial Lines Coverage Parts, Coverage Forms, Policies and Endorsements subject to the federal Terrorism Risk Insurance Act and any amendments and extensions thereto**

- A.** The following definition is added with respect to the provisions of this endorsement:

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

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

- B. Cap On Losses from Certified Acts of Terrorism**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 bil-

lion, 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.

- C. Application of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability, omission or absence of a terrorism exclusion, does not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part, Coverage Form, Policy or Endorsement such as losses excluded by:

1. Exclusions that address war, warlike action, insurrection, rebellion, revolution, military action, nuclear hazard, nuclear materials, nuclear reaction, radiation, or radioactive contamination;
2. Exclusions that address pollutants, contamination, deterioration, fungi or bacteria; or
3. Any other exclusion,

regardless if the "certified act of terrorism" contributes concurrently or in any sequence to the loss.

- D. Sunset Clause**

If the federal Terrorism Risk Insurance Act expires or is repealed, then this endorsement is null and void for any act of terrorism that takes place after the expiration or repeal of the Act.

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

## **REPLACEMENT COST AMENDATORY ENDORSEMENT**

(UNDERINSURANCE PENALTY REMOVED)

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS PACKAGE POLICY**

#### **SCHEDULE**

The following applies only when an entry  is made:

- This endorsement applies to Covered Property at all "premises".
- This endorsement applies only to Covered Property at the "premises" scheduled below:

<b>Location Number</b>	<b>Building Number</b>
1	1

**A. SECTION I - PROPERTY, E. Property Loss Conditions, 5. Loss Payment, a.(4) is deleted and replaced by the following:**

- (4)** Repair, rebuild or replace the property with other property of like kind and quality, subject to **d.(1)(d)** below.

**B. SECTION I - PROPERTY E. Property Loss Conditions, 5. Loss Payment, d.(1) is deleted and 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:

- 1)** The Limit of Insurance under this policy that applies to the lost or damaged property;
- 2)** The cost to replace, on the same "premises", the lost or damaged property with other property:
  - a)** Of comparable material and quality; and
  - b)** Used for the same purpose; or
- 3)** The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

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

- (b)** You may make a claim for "loss" 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" 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".

- (c)** We will not pay on a replacement cost basis for any "loss":

- 1)** Until the lost or damaged property is actually repaired or replaced with other property of generally the same construction and used for the same purpose as the lost or damaged property; and
- 2)** Unless the repairs or replacement have been completed or at least underway within 2 years following the date of "loss".

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 Paragraph **d.(1)(a)** above whether or not the actual repair or replacement is complete.

- (d)** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in **SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, b. Building Laws Safeguard.**

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

## **FUNGI OR BACTERIA EXCLUSION**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS PACKAGE POLICY**

**I. SECTION II - BUSINESS LIABILITY, B. Exclusions, 1. Applicable to Business Liability Coverage** is amended to add the following:

This insurance does not apply to:

#### **Fungi or Bacteria**

**(1)** "Bodily injury", "property damage" or "personal and advertising injury" caused directly or indirectly, in whole or in part, by any actual, alleged or threatened:

- (a)** Inhalation of;
- (b)** Ingestion of;
- (c)** Contact with;
- (d)** Absorption of;
- (e)** Exposure to;
- (f)** Existence of; or
- (g)** Presence of,

any "fungi" or bacteria on or within a building or structure, including its contents, whether occurring suddenly or gradually;

- (2)** Any loss, cost or expense associated in any way with, or arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, mitigating or disposing of, or in any way responding to, investigating, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity;
- (3)** Any liability, with respect to "fungi" or bacteria, arising out of, resulting from, caused by, contributed to, or in any way

related to any supervision, instruction, recommendation, warning or advice given or which should have been given in connection with:

- (a)** The existence of "fungi" or bacteria;
  - (b)** The prevention of "fungi" or bacteria;
  - (c)** The remediation of "fungi" or bacteria;
  - (d)** Any operation described in Paragraph **(2)** above;
  - (e)** "Your product"; or
  - (f)** "Your work"; or
- (4)** Any obligation to share damages with or repay any person, organization or entity, related in any way to the liability excluded in Paragraphs **(1)**, **(2)** or **(3)** above;

regardless of any other cause, event, material, product and / or building component that contributed concurrently or in any sequence to the injury or damage.

However this exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for human ingestion.

**II. SECTION II - BUSINESS LIABILITY, F. Liability and Medical Expenses Definitions** is amended to add the following:

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

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

## **BUSINESS LIABILITY BROADENED ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS PACKAGE POLICY**

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#### **II. Limits of Insurance:**

The **SECTION II - BUSINESS LIABILITY, D. Liability and Medical Expenses Limits of Insurance** apply to the insurance provided by this endorsement, except as provided below:

##### **A. Employee Benefit Liability Coverage**

Each Employee Limit: \$1,000,000  
Aggregate Limit: \$3,000,000  
Deductible: \$1,000

##### **D. Supplementary Payments**

1. Bail Bonds: \$1,000
2. Loss of Earnings: \$500

##### **E. Medical Payments**

Medical Expenses Limit: \$10,000

## I. Property Damage to Borrowed Equipment

Each Occurrence Limit: \$10,000  
Deductible: \$250

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### III. Coverages

#### A. Employee Benefit Liability Coverage

The provisions of this section of this endorsement apply only as respects Employee Benefit Liability Coverage afforded hereunder.

1. The following is added to **SECTION II - BUSINESS LIABILITY, A. Coverages.**

##### Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages caused by any act, error or omission of the insured, or of any other person for whose acts the insured is legally liable, 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 against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any report of an act, error or omission and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in **D. Liability and Medical Expenses Limits of Insurance**; and
- (2) Our right and duty to defend ends when we have used up the applicable Limits of Insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SECTION II - BUSINESS LIABILITY, A. Coverages, 1. Business Liability, i. Coverage Extension - Supplementary Payments.**

- b. This insurance applies to damages only if the act, error or omission, is negligently committed in the "administration" of your "employee benefit program"; and

- (1) Occurs during the Policy Period; or
- (2) Occurred prior to the effective date of this endorsement provided:

- (a) You did not have knowledge of a claim or "suit" on or before the effective date of this endorsement.

You will be deemed to have knowledge of a claim or "suit" when any "authorized representative";

- 1) Reports all, or any part, of the act, error or omission to us or any other insurer;
- 2) Receives a written or verbal demand or claim for damages because of an act, error or omission; and

- (b) There is no other applicable insurance.

2. **SECTION II - BUSINESS LIABILITY, B. Exclusions** is deleted in its entirety and replaced by the following:

#### B. Exclusions

##### Applicable to Employee Benefit Liability Coverage

This insurance does not apply to:

- a. **Bodily Injury, Property Damage or Personal and Advertising Injury**

"Bodily injury", "property damage" or "personal and advertising injury".

- b. **Dishonest, Fraudulent, Criminal or Malicious Act**

Damages arising out of any intentional, dishonest, fraudulent, criminal or mali-

cious act, error or omission, committed by any insured, including the willful or reckless violation of any statute.

**c. Failure to Perform a Contract**

Damages arising out of failure of performance of contract by any insurer.

**d. Insufficiency of Funds**

Damages arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".

**e. Inadequacy of Performance of Investment / Advice Given With Respect to Participation**

Any claim based upon:

- (1) Failure of any investment to perform;
- (2) Errors in providing information on past performance of investment vehicles; or
- (3) Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the "employee benefit program".

**f. Workers' Compensation and Similar Laws**

Any claim arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

**g. ERISA**

Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.

**h. Available Benefits**

Any claim for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the insured, from the applicable funds accrued or other collectible insurance.

**i. Taxes, Fines or Penalties**

Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

**j. Employment - Related Practices**

Any liability arising out of any:

- (1) Refusal to employ;
- (2) Termination of employment;
- (3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment - related practices, acts or omissions; or
- (4) Consequential liability as a result of (1), (2) or (3) above.

This exclusion applies whether the insured may be held 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.

**3. SECTION II - BUSINESS LIABILITY, C. Who is an Insured** is deleted in its entirety and replaced by the following:

**Applicable to Employee Benefit Liability Coverage**

**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. Each of your "employees" who is or was authorized to administer your "employee benefit program".
  - b. Any persons, organizations or "employees" having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.
  - c. Your legal representative if you die, but only with respect to duties

as such. That representative will have all your rights and duties under this policy.

- 3. 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, insurance under this provision:
  - a. Is afforded only until the 180th day after you acquire or form the organization or the end of the Policy Period, whichever is earlier; and
  - b. Does not apply to any act, error or omission that was committed before you acquired or formed the organization.

**4. SECTION II - BUSINESS LIABILITY, D. Liability and Medical Expenses Limits of Insurance** is deleted in its entirety and replaced by the following:

**Applicable to Employee Benefit Liability Coverage**

**D. Limits of Insurance**

- 1. The Limits of Insurance shown in **Section II. Limits of Insurance, A. Employee Benefit Liability Coverage** of this endorsement and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought;
  - c. Persons or organizations making claims or bringing "suits";
  - d. Acts, errors or omissions; or
  - e. Benefits included in your "employee benefit program".

2. The Aggregate Limit shown in **Section II. Limits of Insurance, A. Employee Benefit Liability Coverage** of this endorsement is the most we will pay for all damages because of acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".

3. Subject to the limit described in 2. above, the Each Employee Limit shown in **Section II. Limits of Insurance, A. Employee Benefit Liability Coverage** of this endorsement is the most we will pay for all damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, as a result of:

- a. An act, error or omission; or
- b. A series of related acts, errors or omissions, regardless of the amount of time that lapses between such acts, errors or omissions,

negligently committed in the "administration" of your "employee benefit program".

However, the amount paid under this endorsement shall not exceed, and will be subject to the limits and restrictions that apply to the payment of benefits in any plan included in the "employee benefit program".

The Limits of Insurance of this insurance apply separately to each "coverage term".

#### 4. Deductible Amount

- a. Our obligation to pay damages on behalf of the insured applies only to the amount of damages in excess of the Deductible amount stated in **Section II. Limits of Insurance, A. Employee Benefit Liability Coverage** of this

endorsement as applicable to Each Employee. The Limits of Insurance shall not be reduced by the amount of this deductible.

- b. The Deductible amount stated in **Section II. Limits of Insurance, A. Employee Benefit Liability Coverage** of this endorsement applies to all damages sustained by any one "employee", including such "employee's" dependents and beneficiaries, because of all acts, errors or omissions to which this insurance applies.

- c. The terms of this insurance, including those with respect to:

- (1) Our right and duty to defend the insured against any "suits" seeking those damages; and

- (2) Your duties, and the duties of any other involved insured, in the event of an act, error or omission, or claim,

apply irrespective of the application of the deductible amount.

- d. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as we have paid.

5. **SECTION II - BUSINESS LIABILITY, E. Liability and Medical Expenses General Conditions** is amended as follows:

#### **Applicable to Employee Benefit Liability Coverage**

2. **Duties in the Event of Occurrence, Offense, Claim or Suit** is

deleted in its entirety and replaced by the following:

**2. Duties in the Event of an Act, Error or Omission, or Claim or Suit**

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

- (1) What the act, error or omission was and when it occurred; and
- (2) The names and addresses of anyone who may suffer damages as a result of the act, error or omission.

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 which may be liable to the insured because of an act, error or omission 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 without our consent.

**6. SECTION II - BUSINESS LIABILITY, F. Liability and Medical Expenses Definitions** is amended as follows:

**Applicable to Employee Benefit Liability Coverage**

a. The following definitions are added:

(1) "Administration" means:

- (a) Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of "employee benefit programs";
- (b) Interpreting the "employee benefit programs";
- (c) Handling records in connection with the "employee benefit programs"; or
- (d) Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program".

However, "administration" does not include:

- (a) Handling payroll deductions; or
- (b) The failure to effect or maintain any insurance or adequate limits of coverage of insurance,

including but not limited to unemployment insurance, social security benefits, workers' compensation and disability benefits.

(2) "Cafeteria plans" means plans authorized by applicable law to allow "employees" to elect to pay for certain benefits with pre-tax dollars.

(3) "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:

(a) Group life insurance; group accident or health insurance; dental, vision and hearing plans; and flexible spending accounts; provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;

(b) Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits;

(c) Unemployment insurance, social security benefits, workers' compensation and disability benefits; and

(d) Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family, and civil

leave; tuition assistance plans; transportation and health club subsidies.

b. The following definitions are deleted in their entirety and replaced by the following:

8. "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

21. "Suit" means a civil proceeding in which money damages because of an act, error or omission 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;

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent; or

c. An appeal of a civil proceeding.

7. **SECTION III - COMMON POLICY CONDITIONS, H. Other Insurance** is deleted in its entirety and replaced by the following:

**Applicable to Employee Benefit Liability Coverage**

**H. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under this endorsement, our obligations are limited as follows:

**1. Primary Insurance**

This insurance is primary except when 3. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also

primary. Then, we will share with all that other insurance by the method described in 2. below.

## 2. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

## 3. No Coverage

This insurance shall not cover any loss for which the insured is entitled to recovery under any other insurance in force previous to the effective date of this insurance.

## B. Unintentional Failure to Disclose Hazards

**SECTION III - COMMON POLICY CONDITIONS - C. Concealment, Misrepresentation or Fraud** is amended by the addition of the following:

Based on our dependence upon your representations as to existing hazards, if unintentionally you should fail to disclose all such hazards at the inception date of your policy, we will not reject coverage under this insurance based solely on such failure.

## C. Damage to Premises Rented to You

**Applicable to Damage to Premises Rented to You**

1. **SECTION II - BUSINESS LIABILITY, B. Exclusions, 1. Applicable to Business Liability Coverage** is amended as follows:

The last paragraph following all of the exclusions of this section of the policy

is hereby deleted and replaced by the following:

Exclusions **c.** through **r.** do not apply to "property damage" by fire, explosion, lightning, smoke, soot or water to premises while rented to you or temporarily occupied by you with permission of the owner, for which the amount we will pay is limited to the Damage to Premises Rented to You Limit as described in **Section D. Liability and Medical Expenses Limits of Insurance.**

2. **SECTION II - BUSINESS LIABILITY, D. Liability and Medical Expenses Limits of Insurance** is amended by deleting Paragraph **4.** and replacing it with the following:

4. Subject to **2.** above, the Damage to Premises Rented to You Limit is the most we will pay under Business Liability Coverage for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, explosion or water, while rented to you or temporarily occupied by you with permission of the owner, arising out of any one "occurrence" to which this insurance applies.

## D. Supplementary Payments

**SECTION II - BUSINESS LIABILITY, A. Coverages, 1. Business Liability, i. Coverage Extension - Supplementary Payments** is amended as follows:

1. Paragraph **(2)** is replaced by the following:

Up to the limit shown in **Section II. Limits of Insurance, D.1.** Bail Bonds of this endorsement 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.

2. Paragraph **(4)** is replaced by the following:

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 the limit shown in **Section II. Limits of Insurance, D. 2.** Loss of Earnings of this endorse-

ment per day because of time off from work.

#### **E. Medical Payments**

The Medical Expenses limit shown in the Declarations is amended to the limit shown in **Section II. Limits of Insurance, E. Medical Payments** of this endorsement.

#### **F. 180 Day Coverage for Newly Formed or Acquired Organizations**

**SECTION II - BUSINESS LIABILITY, C. Who is an Insured** is amended as follows:

Subparagraph **a.** of Paragraph **3.** is hereby deleted and replaced by the following:

- a.** Is afforded only until the 180th day after you acquire or form the organization or the end of the Policy Period, whichever is earlier;

#### **G. Waiver of Subrogation**

**SECTION III - COMMON POLICY CONDITIONS, J. Transfer of Rights of Recovery Against Others to Us**, Paragraph **2.** is hereby amended by the addition of the following:

We waive any right of recovery we may have because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a written contract requiring such waiver with that person or organization and included in the "products-completed operations hazard". However, our rights may only be waived prior to the "occurrence" giving rise to the injury or damage for which we make payment under this insurance. The insured must do nothing after a loss to impair our rights. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce those rights.

#### **H. Automatic Additional Insured - Specified Relationships**

- 1.** The following is added to **SECTION II - BUSINESS LIABILITY, C. Who is an Insured:**

##### **Applicable to Automatic Additional Insured - Specified Relationships**

- a.** Any person or organization described in Paragraph **H.1.b.** below (hereinafter referred to as additional insured) whom you are required to add as an addi-

tional insured under this insurance by reason of:

- (1)** A written contract or agreement; or
- (2)** An oral agreement or contract where a certificate of insurance showing that person or organization as an additional insured has been issued,

is an insured, provided:

- (a)** The written or oral contract or agreement is:
  - 1)** Currently in effect or becomes effective during the Policy Period; and
  - 2)** Executed prior to an "occurrence" or offense to which this insurance would apply; and
- (b)** They are not specifically named as an additional insured under any other provision of, or endorsement added to, **SECTION II - BUSINESS LIABILITY** of this policy.

- b.** Only the following persons or organizations are additional insureds under this endorsement, and insurance coverage provided to such additional insureds is limited as provided herein:

- (1)** The manager or lessor of a premises leased to you with whom you have agreed per Paragraph **H.1.a.** above to provide insurance, but only with respect to liability arising out of the ownership, maintenance or use of that part of a premises leased to you, subject to the following additional exclusions:

This insurance does not apply to:

- (a)** Any "occurrence" which takes place after you cease to be a tenant in or on that premises.
- (b)** Structural alterations, new construction or demolition operations performed by or on be-

half of such additional insured.

(2) Any person or organization from which you lease equipment with whom you have agreed per Paragraph **H.1.a.** above to provide insurance. Such person(s) or organization(s) are insureds solely with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person(s) or organizations(s). However, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

(3) Any person or organization (referred to below as vendor) with whom you have agreed per Paragraph **H.1.a.** above to provide insurance, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

(a) The insurance afforded the vendor does not apply to:

- 1) "Bodily injury" or "property damage" for which the vendor 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 that the vendor would have in the absence of the contract or agreement;
- 2) Any express warranty unauthorized by you;
- 3) Any physical or chemical change in the product

made intentionally by the vendor;

4) 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;

5) 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 distribution or sale of the products;

6) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

7) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.

(b) This insurance does not apply to any insured person or organization:

- 1) From whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products; or

- 2) When liability included within the "products-completed operations hazard" has been excluded under this policy with respect to such products.
- (4) Any state or political subdivision with which you have agreed per Paragraph **H.1.a.** above to provide insurance, subject to the following additional provision:

This insurance applies only with respect to the following hazards for which the state or political subdivision has issued a permit in connection with premises you own, rent or control and to which this insurance applies:

- (a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist away openings, sidewalk vaults, street banners, or decorations and similar exposures; or
- (b) The construction, erection, or removal of elevators; or
- (c) The ownership, maintenance, or use of any elevators covered by this insurance.
- c. Any insurance provided to an additional insured designated under Paragraph **H.1.b.** Subparagraphs (1), (2) and (4) does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the sole negligence or willful misconduct of the additional insured or their agents, "employees" or any other representative of the additional insured.

**2. SECTION III - COMMON POLICY CONDITIONS, H. Other Insurance** is amended to include:

**Applicable to Automatic Additional Insured - Specified Relationships**

- a. Where required by a written contract or agreement, this insurance is primary and / or non-contributory as respects any other insurance policy issued to the additional insured, and such other insurance policy shall be excess and / or noncontributing, whichever applies, with this insurance.
- b. Any insurance provided by this endorsement shall be primary to other insurance available to the additional insured except:
  - (1) As otherwise provided in **SECTION III - COMMON POLICY CONDITIONS, H. Other Insurance, 2.b. Excess Insurance**; or
  - (2) For any other valid and collectible insurance available to the additional insured as an additional insured by attachment of an endorsement to another insurance policy that is written on an excess basis. In such case, the coverage provided under this endorsement shall also be excess.

**I. Property Damage to Borrowed Equipment**

**1. SECTION II - BUSINESS LIABILITY, B. Exclusions, 1.k. Damage to Property** is amended as follows:

Paragraphs (3) and (4) of this exclusion do not apply to tools or equipment loaned to you, provided they are not being used to perform operations at the time of loss.

**2. With respect to the insurance provided by this section of the endorsement, the following additional provisions apply:**

- a. The Limits of Insurance shown in the Declarations are replaced by the limits designated in **Section II. Limits of Insurance, I. Property Damage to Borrowed Equipment** of this endorsement with respect to coverage provided by this endorsement. These limits are inclusive of and not in addition to the limits being replaced. The Limits of Insurance shown in **Section II. Limits**



**of Insurance, I. Property Damage to Borrowed Equipment** of this endorsement fix the most we will pay in any one "occurrence" regardless of the number of:

- (1) Insureds;
- (2) Claims made or "suits" brought; or
- (3) Persons or organizations making claims or bringing "suits".

**b. Deductible Clause**

- (1) Our obligation to pay damages on your behalf applies only to the amount of damages for each "occurrence" which are in excess of the Deductible amount stated in **Section II. Limits of Insurance, I. Property Damage to Borrowed Equipment** of this endorsement. The limits of insurance will not be reduced by the application of such Deductible amount.
- (2) **SECTION II - BUSINESS LIABILITY, E. Liability and Medical Expenses General Conditions 2. Duties in the Event of Occurrence, Offense, Claim or Suit**, applies to each claim or "suit" irrespective of the amount.
- (3) We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

**J. Employees as Insureds - Specified Health Care Services**

It is hereby agreed that Paragraph **2.a.(1)(d)** of **SECTION II - BUSINESS LIABILITY, C. Who is an Insured**, does not apply to your "employees" who provide professional health care services on your behalf as duly licensed:

1. Nurses;
2. Emergency Medical Technicians; or
3. Paramedics,

in the jurisdiction where an "occurrence" or offense to which this insurance applies takes place.

**K. Broadened Notice of Occurrence**

Paragraph **a.** of **SECTION II - BUSINESS LIABILITY, E. Liability and Medical Expenses General Conditions 2. Duties in the Event of Occurrence, Offense, Claim or Suit** is deleted and replaced by the following:

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or "personal and advertising injury" 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.

This requirement applies only when the "occurrence" or offense is known to an "authorized representative".

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

## **ADDITIONAL INSURED - TOWNHOUSE ASSOCIATIONS**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS PACKAGE POLICY**

**SECTION II - BUSINESS LIABILITY, C. Who is an Insured** is amended to include each individual townhouse owner as an insured, but only with respect to liability as a member of the townhouse association and not with respect to any liability arising out of the ownership, maintenance, use or repair of the real property to which the owner has title.

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

## **MOBILE EQUIPMENT SUBJECT TO MOTOR VEHICLE INSURANCE LAWS**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS PACKAGE POLICY DENTIST'S PACKAGE POLICY**

- A. SECTION II - BUSINESS LIABILITY, B. Exclusions, 1. Applicable to Business Liability Coverage, g. Aircraft, Auto or Watercraft** is replaced by the following:

This insurance does not apply to:

**g. Aircraft, Auto or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that 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 that 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 the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4)** Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5)** "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph

**f.(2) or f.(3)** of the definition of "mobile equipment".

- B. SECTION II - BUSINESS LIABILITY, C. Who is an Insured** is amended to include:

- 4.** With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
  - a.** "Bodily injury" to a co-"employee" of the person driving the equipment; or
  - b.** "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

- C. SECTION III - BUSINESS LIABILITY, F. Liability and Medical Expenses Definitions , 3. "Auto" and 15. "Mobile equipment"** are replaced by the following:

- 3.** "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
- 15.** "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, maintained primarily to provide mobility to 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 **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 **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.

**D.** This endorsement does not apply to any liability arising from an "occurrence" caused by or arising from any land vehicle if:

**1.** You have an Auto Coverage Form in force at the time of the "occurrence"; and

**2.** The land vehicle meets the definition of auto in your Auto Coverage Form or policy, regardless of whether or not such land vehicle is:

**a.** A covered auto under such Auto Coverage Form or policy; or

**b.** Specifically described on a schedule of covered autos on your Auto Coverage Form or policy.

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

## **CONDOMINIUM ASSOCIATIONS WRONGFUL ACTS COVERAGE**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS PACKAGE POLICY**

The provisions of this endorsement apply only as respects the Condominium Associations Wrongful Acts Coverage afforded hereunder:

### **SCHEDULE**

#### **LIMITS OF INSURANCE**

\$ 1,000,000 Each Claim Limit

\$ 1,000,000 Aggregate Limit

#### **A. SECTION II - BUSINESS LIABILITY, A. Coverages** is amended to include the following:

##### **1. Condominium Associations Wrongful Acts Coverage**

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "wrongful acts" committed by the insured's "directors and officers" solely in the conduct of their management responsibilities for the Condominium Association. 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 "wrongful acts" to which this insurance does not apply. We may, at our discretion, investigate any "wrongful acts" and settle any "claim" or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in **D. Limits of Insurance**; and
- (2) Our right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under coverage provided by this insurance.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SECTION II - BUSINESS LIABILITY, A. Coverages, 1. Business Liability, i. Coverage Extension - Supplementary Payments**.

b. This insurance applies only to "wrongful acts" which:

- (1) Take place in the "coverage territory"; and

(2) Occur during the Policy Period; or

(3) Occurred prior to the effective date of this coverage provided that:

(a) No insured had knowledge of a "claim" or "suit" on the effective date of this coverage endorsement; and

(b) There is no other applicable insurance.

#### **B. SECTION II - BUSINESS LIABILITY, B. Exclusions** is deleted in its entirety and replaced by the following:

##### **B. Exclusions**

##### **Applicable to Condominium Associations Wrongful Acts Coverage.**

This insurance does not apply to:

1. Any act, error or omission that is dishonest, criminal or malicious, including fines or penalties resulting therefrom.
2. "Bodily injury", "property damage" or "personal and advertising injury".
3. Profits or losses including an accounting thereof, resulting from the purchase or sale of any securities.
4. Salaries, compensation or bonuses of "employees", directors or officers.
5. Any failure to effect, maintain or procure any insurance policy or bond, including any failure to obtain proper amounts, forms, conditions or provisions on any insurance policy or bonds.
6. Damages alleged, arising out of, based upon, or attributable to the

gaining of any personal profit or advantage which is not shared equitably by the condominium owners.

7. Violation of any civil rights law whether Federal or State or local ordinance, including but not limited to discrimination on account of race, religion, sex or age.
8. Breach of contract.
9. Damages alleging, arising out of, based upon, or attributable to, or in any way involving, directly or indirectly:
  - a. The actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape or emission of "pollutants"; or
  - b. Any request, demand, order or statutory or regulatory requirement to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", including, but not limited to, "claims" alleging damage to an insured.
10. Any "claim" or "suit" which is brought by or on behalf of any insured or any person or organization which is controlled by, controls, or is under common control with you.
11. Any liability based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual, alleged or threatened abuse or molestation of any person.

**C. SECTION II - BUSINESS LIABILITY, C. Who is an Insured** is deleted in its entirety and replaced by the following:

**C. Who is an Insured**

Each of the following is an insured:

1. The association designated in the Declarations is an insured, but only with respect to its liability because of "wrongful acts" committed by its "directors and officers".
2. The "directors and officers" of the insured collectively, and each "director and officer" individually, but only while acting within the scope of their duties on behalf of the insured.
3. In the event of bankruptcy, insolvency, incompetency or death of an insured director or officer described in Paragraph 2. (above), the legal representative, estate or heir of that director or officer is an insured, but

only for "wrongful acts" of that director or officer.

**D. Section II - Business Liability, D. Liability and Medical Expenses Limits of Insurance** is deleted in its entirety and replaced by the following:

**D. Limits of Insurance**

1. The Limits of Insurance shown in the Schedule and the rules below declare 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 Aggregate Limit is the most we will pay for damages for all "claims" or "suits" to which this insurance applies.
3. Subject to 2. above, the Each Claim Limit is the most we will pay for all damages arising out of any one "claim" or "suit". "Claims" based on or arising out of the same act, inter-related acts, or one or more series of similar acts shall be considered a single "claim" and shall be deemed to have occurred in the "coverage term" in which the earliest such act occurred.
4. The Limits of Insurance of this endorsement apply separately to each "coverage term".

**E. SECTION II - BUSINESS LIABILITY, E. Liability and Medical Expenses General Conditions** is amended as follows:

1. Condition 2. **Duties in the Event of Occurrence, Offense, Claim or Suit** is deleted in its entirety and replaced by the following:
  2. **Duties in the Event of Act, Error, Omission, Claim or Suit**
    - a. You must see to it that we are notified promptly if you become aware of any act, error or omission which reasonably would be expected to be the basis of a "claim" or "suit" covered by this insurance.
    - b. If a "claim" is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the "claim" or "suit".
    - 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 which 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 without our written consent.

2. The following condition is added:

**REPRESENTATIONS**

By accepting this coverage endorsement, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this coverage endorsement in reliance upon your representations.

F. **SECTION II - BUSINESS LIABILITY, F. Liability and Medical Expenses Definitions** is amended as follows:

- 1. The following definitions **6.** "Coverage territory" and **21.** "Suit" are deleted in their entirety and replaced by the following:
  - 6.** "Coverage territory" means anywhere in the world, provided the original "claim" or "suit" for such damages is brought within the United States of America, its territories or possessions, Puerto Rico or Canada.
  - 21.** "Suit" means a civil proceeding in which money damages because of "wrongful acts" to which this insurance applies are alleged. "Suit" includes:

2. The following definitions are added:

- 1. "Claim" means a demand received by an insured for money, including the service of a "suit".
- 2. "Directors and officers" means those individuals who were, now are, or shall be:
  - a. The holder of any elected or appointed officer position created by the charters or bylaws of the condominium association, including any such officer positions created after the effective date of this insurance; and
  - b. A duly elected or appointed member of the governing board of the condominium association.
- 3. "Wrongful acts" means any actual or alleged error, misstatement, misleading statement, act or omission, or neglect or breach of duty by the "directors and officers" in the discharge of their duties directly related to the operations of the insured condominium association.

G. **SECTION III - COMMON POLICY CONDITIONS, H. Other Insurance** is deleted in its entirety and replaced by the following:

**H. Other Insurance**

This insurance shall be excess of any other valid and collectible insurance available to the insured, whether such other insurance is stated to be primary, contributory, excess, contingent, pro rata or otherwise, unless such other insurance is written only as a specific excess insurance over the Limits of Insurance provided in this coverage endorsement.

In addition, this insurance shall not cover any loss for which the insured is entitled to recovery under any other insurance in force previous to the effective date of this coverage endorsement.

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

**EMPLOYEE DISHONESTY, MONEY AND SECURITIES  
AND / OR THEFT EXCLUSION(S)**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS PACKAGE POLICY**

The following apply(ies) only when an entry  is made:

- SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, j. Employee Dishonesty** is deleted in its entirety.
- SECTION I - PROPERTY, A. Coverages, 5. Additional Coverages, o. Money and Securities** is deleted in its entirety.
- SECTION I - PROPERTY, B. Exclusions** is amended by adding the following:

We will not pay for "loss" caused by or resulting from theft. However, we will pay for:

- a. "Loss" that occurs due to looting at the time and place of a riot or civil commotion; or
- b. Building damage caused by the breaking in or exiting of burglars.

And if "loss" caused by or resulting from a Covered Cause of Loss results, we will pay for that resulting "loss".



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

**HIRED AUTO AND NON-OWNED AUTO LIABILITY**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS PACKAGE POLICY**

**A.** The insurance provided under **SECTION II - BUSINESS LIABILITY, A. Coverages, 1. Business Liability** applies to "bodily injury" or "property damage" arising out of the:

1. Maintenance or use of a "hired auto" by you or your "employees" in the course of your business; or
2. Use of any "non-owned auto" in your business by any person.

**B.** For insurance provided by this endorsement only:

1. **SECTION II - BUSINESS LIABILITY, B. Exclusions, 1. Applicable to Business Liability Coverage**, other than exclusions **a. Expected or Intended Injury, b. Contractual Liability, d. Workers Compensation and Similar Laws, f. Pollutant** and **i. War** and **B.3. Nuclear Energy Liability Exclusion**, are deleted in their entirety and replaced by the following:

**a.** "Bodily injury" to:

- (1) An "employee" of the insured sustained in the "workplace";
- (2) An "employee" of the insured arising out of the performance of duties related to the conduct of the insured's business; or
- (3) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraphs (1) or (2) 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.

2. **SECTION II - BUSINESS LIABILITY, C. Who is an Insured** is deleted and replaced by the following:

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

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

None of the following is an insured:

- (1) Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
- (2) Any partner or "executive officer" for any "auto" owned by such partner or officer or a member of his or her household;

- (3) Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
- (4) The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner or lessee;
- (5) Any person or organization for the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

**3. SECTION II - BUSINESS LIABILITY, F. Liability and Medical Expenses Definitions** is amended to include the following:

- a. "Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
- b. "Hired auto" means only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent, or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
- c. "Non-Owned auto" means only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company), or members of their households but only while used in your business or your personal affairs.





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**IB 479 B 04 04**