

SERFF Tracking Number: CNAC-125330674 State: Arkansas  
First Filing Company: Continental Casualty Company, ... State Tracking Number: #? \$50  
Company Tracking Number: 07-2187F  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: Long Term Care Program  
Project Name/Number: /07-2187

## Filing at a Glance

Companies: Continental Casualty Company, Continental Insurance Company, American Casualty Company of Reading - PA, Transportation Insurance Company, Valley Forge Insurance Company, National Fire Insurance Company of Hartford

Product Name: Long Term Care Program SERFF Tr Num: CNAC-125330674 State: Arkansas  
TOI: 01.0 Property SERFF Status: Closed State Tr Num: #? \$50  
Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines) Co Tr Num: 07-2187F State Status: Fees verified  
Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding  
Author: Micaah Morris Disposition Date: 11/21/2007  
Date Submitted: 11/20/2007 Disposition Status: Approved  
Effective Date Requested (New): 04/01/2008 Effective Date (New): 04/01/2008  
Effective Date Requested (Renewal): 04/01/2008 Effective Date (Renewal): 04/01/2008

## General Information

Project Name: Status of Filing in Domicile: Pending  
Project Number: 07-2187 Domicile Status Comments:  
Reference Organization: Reference Number: 07-2187  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 11/21/2007  
State Status Changed: 11/21/2007 Deemer Date:  
Corresponding Filing Tracking Number:  
Filing Description:  
The CNA Insurance Group of Companies submits on behalf of the above named companies its revised form for use with our Long Term Care Program currently on file with your department.

## Company and Contact

<i>SERFF Tracking Number:</i>	<i>CNAC-125330674</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Continental Casualty Company, ...</i>	<i>State Tracking Number:</i>	<i>#? \$50</i>
<i>Company Tracking Number:</i>	<i>07-2187F</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Long Term Care Program</i>		
<i>Project Name/Number:</i>	<i>/07-2187</i>		

**Filing Contact Information**

Morris Micaah, Regulatory Filing Technician    micaah.morris@cna.com  
 40 Wall Street    (212) 440-2319 [Phone]  
 New York, NY 10005    (212) 440-2877[FAX]

**Filing Company Information**

Continental Casualty Company	CoCode: 20443	State of Domicile: Illinois
40 Wall Street	Group Code: 218	Company Type:
9th Floor		
New York, NY 10005	Group Name:	State ID Number:
(212) 440-3478 ext. [Phone]	FEIN Number: 36-2114545	
	-----	

Continental Insurance Company	CoCode: 35289	State of Domicile: New Hampshire
40 Wall Street	Group Code: 218	Company Type:
9th Floor		
New York, NY 10005	Group Name:	State ID Number:
(212) 440-3478 ext. [Phone]	FEIN Number: 135010440	
	-----	

American Casualty Company of Reading - PA	CoCode: 20427	State of Domicile: Pennsylvania
40 Wall Street	Group Code: 218	Company Type:
8th Floor		
New York, NY 10005	Group Name:	State ID Number:
(212) 440-3478 ext. [Phone]	FEIN Number: 23-0342560	
	-----	

Transportation Insurance Company	CoCode: 20494	State of Domicile: Illinois
40 Wall Street	Group Code: 218	Company Type:
8th Floor		
New York, NY 10005	Group Name:	State ID Number:
(212) 440-3478 ext. [Phone]	FEIN Number: 36-1877247	
	-----	

Valley Forge Insurance Company	CoCode: 20508	State of Domicile: Pennsylvania
40 Wall Street	Group Code: 218	Company Type:
New York, NY 10005	Group Name:	State ID Number:
(212) 440-3478 ext. [Phone]	FEIN Number: 23-1620527	

SERFF Tracking Number: CNAC-125330674 State: Arkansas  
First Filing Company: Continental Casualty Company, ... State Tracking Number: #? \$50  
Company Tracking Number: 07-2187F  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: Long Term Care Program  
Project Name/Number: /07-2187

National Fire Insurance Company of Hartford  
40 Wall Street  
New York, NY 10005  
(212) 440-3478 ext. [Phone]

-----  
CoCode: 20478  
Group Code: 218  
Group Name:  
FEIN Number: 06-0464510  
-----

State of Domicile: Illinois  
Company Type:  
State ID Number:

SERFF Tracking Number: CNAC-125330674 State: Arkansas  
 First Filing Company: Continental Casualty Company, ... State Tracking Number: #? \$50  
 Company Tracking Number: 07-2187F  
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
 Product Name: Long Term Care Program  
 Project Name/Number: /07-2187

## Filing Fees

Fee Required? No  
 Retaliatory? No  
 Fee Explanation:  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Casualty Company of Reading - PA	\$0.00	11/20/2007	
Continental Casualty Company	\$0.00	11/20/2007	
National Fire Insurance Company of Hartford	\$0.00	11/20/2007	
Transportation Insurance Company	\$0.00	11/20/2007	
Valley Forge Insurance Company	\$0.00	11/20/2007	
Continental Insurance Company	\$0.00	11/20/2007	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
0000212248	\$50.00	11/09/2007

SERFF Tracking Number: CNAC-125330674 State: Arkansas  
First Filing Company: Continental Casualty Company, ... State Tracking Number: #? \$50  
Company Tracking Number: 07-2187F  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: Long Term Care Program  
Project Name/Number: /07-2187

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	11/21/2007	11/21/2007

SERFF Tracking Number: CNAC-125330674 State: Arkansas  
First Filing Company: Continental Casualty Company, ... State Tracking Number: #? \$50  
Company Tracking Number: 07-2187F  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: Long Term Care Program  
Project Name/Number: /07-2187

## Disposition

Disposition Date: 11/21/2007

Effective Date (New): 04/01/2008

Effective Date (Renewal): 04/01/2008

Status: Approved

Comment:

This filing is approved contingent on receiving the filing fees the company indicates in the filing that they have sent.

Rate data does NOT apply to filing.

### Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

SERFF Tracking Number: CNAC-125330674 State: Arkansas  
 First Filing Company: Continental Casualty Company, ... State Tracking Number: #? \$50  
 Company Tracking Number: 07-2187F  
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
 Product Name: Long Term Care Program  
 Project Name/Number: /07-2187

<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Uniform Transmittal Document-Property & Casualty	Approved	Yes
<b>Supporting Document</b>	Tracked Changes	Approved	Yes
<b>Supporting Document</b>	Cover Letter	Approved	Yes
<b>Supporting Document</b>	Forms Memo	Approved	Yes
<b>Form</b>	Health and Personal Care Facilities – Building and Personal Property Coverage Form	Approved	Yes

SERFF Tracking Number: CNAC-125330674 State: Arkansas  
 First Filing Company: Continental Casualty Company, ... State Tracking Number: #? \$50  
 Company Tracking Number: 07-2187F  
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
 Product Name: Long Term Care Program  
 Project Name/Number: /07-2187

## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Health and Personal Care Facilities – Building and Personal Property Coverage Form	SCP00504	03/2007	Policy/Coverage Replaced Form	Replaced Form #:0.00 SCP00504 Previous Filing #: 95-3340		SCP00504_032007_Health and Pers Care Facilities - Bldg and PP Cov Form.pdf



**QUICK REFERENCE**  
**HEALTH AND PERSONAL CARE FACILITIES**  
**READ YOUR POLICY CAREFULLY**

**Beginning  
on Page**

**SECTION A - COVERAGE**

Covered Property - Real Property ..... 3  
Business Personal Property ..... 3

Property Not Covered ..... 4  
Covered Causes of Loss ..... 4

**Additional Coverages**

Debris Removal ..... 5  
Preservation of Property ..... 5  
Fire Department Service Charge ..... 5  
Pollutant Clean Up and Removal ..... 5  
Business Income and Extra Expense ..... 6  
Collapse ..... 6  
Limited Water Damage ..... 6  
Water, Other Liquids, Powder or Molten Material Damage ..... 7  
Spoilage ..... 7  
Fine Arts - Additional Covered Causes of Loss ..... 8

**Coverage Extensions**

Newly Acquired or Constructed Property ..... 8  
Personal Effects ..... 9  
Property of Patients or Residents ..... 9  
Data Restoration Expense ..... 10  
Property Off-Premises ..... 10  
Property In Transit ..... 11  
Outdoor Trees, Shrubs and Plants ..... 11  
Emergency Vacating Expenses ..... 11  
Miscellaneous Dependent Property Locations ..... 12  
Automatic Fire Suppression System Recharge Expense ..... 12  
Cost of Preparing A Statement of Loss ..... 12

**SECTION B - EXCLUSIONS AND LIMITATIONS**

Exclusions ..... 11  
Limitations ..... 15

**SECTION C - LIMITS OF INSURANCE ..... 16**

**SECTION D - DEDUCTIBLE ..... 17**

**SECTION E - ADDITIONAL CONDITIONS**

Abandonment ..... 17  
Appraisal ..... 17  
Duties in the Event of Loss or Damage ..... 17  
Loss Payment ..... 17  
Mortgage Holders ..... 18



**Beginning  
on Page**

Recovered Property ..... 19  
Suspension of Equipment Breakdown Coverage ..... 19  
Vacancy ..... 19  
Valuation of Property ..... 19  
Valuation - Loss of Business Income and Extra Expense ..... 21

**SECTION F - OPTIONAL COVERAGES**

Actual Cash Value ..... 21  
Earthquake and Volcanic Eruption ..... 21  
Flood and Water Damage ..... 22

**SECTION G - DEFINITIONS ..... 23**



## HEALTH AND PERSONAL CARE FACILITIES - BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G - DEFINITIONS.

### A. COVERAGE

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

#### 1. Covered Property

Covered Property, as used in this Coverage Part, means the following property unless otherwise specified in the Declarations:

a. **Real Property** at premises described in the Declarations. Real Property includes:

- (1) Buildings and structures;
- (2) Permanently installed:
  - (a) Fixtures;
  - (b) Machinery; and
  - (c) Equipment;
- (3) Outdoor fixtures;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) Additions, alterations and repairs, including:
  - (a) Completed additions and additions under construction;
  - (b) Alterations and repairs to the building or structure;
  - (c) Materials, equipment, supplies and temporary structures, on or within 1000 feet of the described premises, used for making additions, al-

terations or repairs to the building or structure.

b. **Business Personal Property** located in or on buildings or structures at premises described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises.

Business Personal Property consists of the following:

- (1) Personal property which you own and use in your business;
- (2) Personal property of others (including leased personal property) in your care, custody or control, including the cost of labor, materials or services furnished or arranged by you on such property; and
- (3) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove.

We will also cover your leasehold interest in improvements and betterments which are not damaged or destroyed, but which you lose because your lease is cancelled by the lessor as a result of damage to the building from a Covered Cause of Loss. When this occurs, we will calculate the value of your interest in the improvements and betterments as though they had been damaged or destroyed and not repaired or replaced promptly, as provided in the loss Condition, Valuation.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities, except as provided in the Property of Patients or Residents Coverage Extension. Lottery tickets held for sale are not securities;
- b. Animals;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. The cost of excavations, grading, backfilling or filling;
- e. Land (including land on which the property is located), water, growing crops and lawns;
- f. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- g. The cost to research, replace or restore the information on valuable papers and records, except as provided in the Data Restoration Expense Coverage Extension;
- h. Vehicles or self-propelled machines, including motor vehicles, trailers, aircraft and watercraft, and mobile medical equipment installed in or upon such vehicles. But Covered Property does include:
  - (1) Motor vehicles and trailers which are not licensed for use on public roads and are operated principally on the described premises; and
  - (2) Rowboats and canoes out of the water at, or within 1000 feet of, the described premises;
- i. Outdoor trees, shrubs or plants, except as provided in the Outdoor Trees, Shrubs and Plants Coverage Extension;
- j. Property belonging to your patients or "residents", except as provided in the Spoilage Additional Coverage and the Property of Patients or Residents Coverage Extension;
- k. Property sold by you under conditional sale, trust agreement, installment payment or other deferred payment plan, after delivery to customers.

## 3. Covered Causes Of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE, unless the loss is excluded or limited in Section **B. EXCLUSIONS AND LIMITATIONS**.

Covered Causes of Loss includes Equipment Breakdown as defined below, unless the Declarations show that the Equipment Breakdown Cause of Loss does not apply. Except as otherwise stated in Section **B. EXCLUSIONS AND LIMITATIONS**, all of the exclusions and limitations in that Section apply to the Equipment Breakdown Cause of Loss.

### Equipment Breakdown

a. Equipment Breakdown means a sudden and accidental breakdown of the following equipment or any part of the following equipment:

- (1) Boilers;
- (2) Fired or unfired pressure vessels subject to vacuum or internal pressure other than the static pressure of their contents;
- (3) Piping and its accessory equipment;
- (4) Refrigeration or air conditioning systems; or
- (5) Mechanical or electrical machines or apparatus used for the generation, transmission or utilization of mechanical or electrical power;

which are in use or connected ready for use at or within 1000 feet of the described premises or any other premises where the insurance provided under this Coverage Part applies. At the time the breakdown occurs, the breakdown must manifest itself by physical damage to the equipment that necessitates repair or replacement.

b. Depletion, deterioration, corrosion, erosion, wear and tear, the functioning of any safety or protective device or the breakdown of any structure or foundation of the equipment does not constitute an Equipment Breakdown.

In addition, Equipment Breakdown does not include:

- (1) The breakdown of any:
  - (a) Furnace;
  - (b) Sewer piping, underground gas piping, or piping forming a part of a sprinkler system;

- (c) Water piping other than boiler feed water piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
  - (d) Insulating or refractory material; or
  - (e) Vehicle, elevator, escalator, conveyor, hoist or crane; or
- (2) The breakdown of any of the following equipment, but only when "Limited Equipment Breakdown" is indicated in the Declarations:
- (a) Any refrigeration or air conditioning system, or any pressure vessel or piping forming a part of the refrigeration or air conditioning system; or
  - (b) Any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power, other than boilers and fired or unfired pressure vessels not otherwise excluded.

But with respect to the insurance provided under this Coverage Part for loss of "business income" and "extra expense", this exclusion does not apply to the breakdown of any transformer or electrical apparatus that is:

- (i) Owned by a public utility company; and
  - (ii) Located at or within 1000 feet of the described premises or any other premises where the insurance provided under this Coverage Part for loss of "business income" and "extra expense" applies, and used to supply electrical power to those premises.
- c. If an initial Equipment Breakdown causes other Equipment Breakdowns, all will be considered one Equipment Breakdown. All Equipment Breakdowns that manifest themselves at the same time and are the result of the same cause will also be considered one Equipment Breakdown, regardless of the number of locations involved.

#### 4. Additional Coverages

##### a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by

or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

- (2) The most we will pay under this Additional Coverage is 35% of:

- (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
- (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

- (3) 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.

##### b. Preservation Of Property

If it is necessary to move Covered Property from the premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property while it is being moved or while temporarily stored at another location.

##### c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$15,000 unless a higher Limit of Insurance is shown in the Declarations for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage.

##### d. Pollutant Clean Up and Removal

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

within 180 days of the date on which the "Specified Cause of Loss" occurs.

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

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

**e. Business Income and Extra Expense**

(1) We will pay for:

- (a) The actual loss of "business income" you sustain due to the necessary interruption of your business operations at the described premises during the "period of restoration". The interruption must be caused by direct physical loss of or damage to property at or within 1000 feet of the described premises or the premises of a "dependent property" described in the Declarations, caused by or resulting from a Covered Cause of Loss.
- (b) The actual and necessary "extra expense" you incur during the "period of restoration" due to direct physical loss of or damage to property at or within 1000 feet of the described premises or the premises of a "dependent property" described in the Declarations, caused by or resulting from a Covered Cause of Loss.
- (c) The actual loss of "business income" you sustain and necessary "extra expense" you incur when a civil authority prohibits access to the described premises due to direct physical loss of or damage to property at premises more than 1000 feet away from the described premises caused by or resulting from a Covered Cause of Loss. This coverage will apply for a period of up to 30 days from the date of the civil authority action.

(2) No Deductible applies to this Additional Coverage.

**f. Collapse**

We will pay for loss, damage or expense under this Coverage Part caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- (1) The "Specified Causes of Loss" (other than collapse of a building) or breakage of building glass, all only as insured against in this Coverage Part;
- (2) Hidden decay;
- (3) Hidden insect or vermin damage;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof;
- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation;
- (7) Surface water, water that backs up from a sewer or drain, or water under the ground surface, but only to the extent such causes of loss are insured against under the Limited Water Damage Additional Coverage.

We will not pay for loss of or damage to the following types of property, if otherwise covered in this Coverage Part, under items (2), (3), (4), (5), (6) and (7) above, unless the loss or damage is a direct result of the collapse of a building:

outdoor radio or television antennas (including their lead-in wiring, masts or towers); awnings; gutters and downspouts; outdoor fixtures; outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; bridges, walks, roadways, patios and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

**g. Limited Water Damage**

We will pay for loss, damage or expense under this Coverage Part caused by or resulting from:

- (1) Surface water;
- (2) Water that backs up from a sewer or drain; or
- (3) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings;

provided such loss, damage or expense is not otherwise excluded or limited in this Coverage Part.

The most we will pay in any one occurrence under this Additional Coverage is \$25,000, unless a higher Limit of Insurance is shown in the Declarations for Limited Water Damage.

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

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

We will not pay the cost to repair any defect that caused the loss or damage, except to the extent the repair of such defect is covered when Equipment Breakdown is a Covered Cause of Loss. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1) Results in discharge of any substance from an automatic fire protection system; or
- (2) Is directly caused by freezing not otherwise excluded in this Coverage Part.

#### **i. Spoilage**

(1) We will pay for direct physical loss or damage to perishable Business Personal Property or perishable personal property of your patients or "residents", while at or within 1000 feet of the described premises, caused by spoilage due to changes in temperature or humidity resulting from:

- (a) Complete or partial interruption of electrical power to the described premises, due to conditions beyond your control; or
- (b) Mechanical breakdown or failure of heating, cooling or humidity control equipment or apparatus at the described premises.

Insurance under this Additional Coverage includes the reasonable expenses you incur to minimize such a loss, but only to the extent the amount of spoilage loss otherwise payable under this Additional Coverage is reduced.

(2) We will not pay for loss or damage under this Additional Coverage caused by:

- (a) The manual disconnection of any heating, cooling or humidity control equipment or apparatus from the source of power;
- (b) The deactivation of electrical power or current caused by the throwing of any switch or other device used to control the flow of electrical power or current;
- (c) The inability of an electric utility company or other power source to provide sufficient power due to government order or lack of fuel;
- (d) The inability of a power source at the described premises to provide sufficient power due to insufficient generating capacity to meet demand; or
- (e) Any of the following, but only to the extent these causes of loss are excluded in Section **B. - EXCLUSIONS AND LIMITATIONS**:
  - (i) Earth Movement;
  - (ii) Government Action;
  - (iii) Nuclear Hazard;
  - (iv) War and Military Action; or
  - (v) Water.

None of the other exclusions in Section **B.** of this Coverage Form apply to this Additional Coverage.

- (3) The most we will pay for loss or damage in any one occurrence under this Additional Coverage is \$25,000, unless a higher Limit of Insurance is shown in the Declarations for Spoilage.
- (4) We will not pay for loss or damage in any one occurrence under this Additional Coverage until the amount of loss or damage exceeds \$1,000. We will then pay the amount of loss or damage in excess of \$1,000, up to the Limit of Insurance applying to this Additional Coverage. No other Deductible applies to this Additional Coverage.

**j. Fine Arts Additional Covered Causes of Loss**

(1) With respect only to the insurance provided under this Coverage Form for direct physical loss of or damage to "fine arts," Covered Causes of Loss are extended to include RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE, except as excluded in provision (2) below.

(2) This Additional Coverage does not apply to loss or damage caused by or resulting from:

(a) Any of the following to the extent these causes of loss are excluded in Section B. of this Coverage Form:

- (i) Governmental Action;
- (ii) Nuclear Hazard; or
- (iii) War and Military Action.

(b) Any repairing, restoration or re-touching process.

(c) Breakage of fragile "fine arts" articles, including art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by:

- (i) A "Specified Cause of Loss";
- (ii) Theft or attempted theft;
- (iii) Earthquake; or
- (iv) Flood.

(d) Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose (other than a carrier or other bailee for hire):

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

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

(e) 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.

(f) Any of the following, but if loss or damage by a cause of loss not otherwise excluded under this Additional Coverage results, we will pay for that resulting loss or damage:

- (i) Wear and tear;
- (ii) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
- (iii) Insects or rodents; or
- (iv) Dampness or dryness of atmosphere or changes in or extremes of temperature.

(3) The most we will pay in any one occurrence for loss or damage to "fine arts" caused by or resulting from any Covered Cause of Loss under this Additional Coverage that is not otherwise covered under this Coverage Part is:

(a) The Limit of Insurance that applies to the lost or damaged "fine arts"; or

(b) \$25,000;

whichever is less.

**k. Disease Contamination**

(1) Subject to below, we will pay for the loss of "business income" you sustain and necessary "extra expense" you incur caused by disease contamination to your described premises due to direct physical loss of or damage to property at or within 1000 feet of such described premises, caused by or resulting from a Covered Cause of Loss.

(2) This Additional Coverage is applicable only if such disease contamination is declared by the National Center for Disease Control, or the applicable city, county or state Department of Public Health.

(3) This Additional Coverage does not apply to loss or damage caused by or resulting from:

(a) the rebuilding, repairing, replacing or decontaminating of the damaged or destroyed covered property; or

(b) the resumption or continuation of the Insured's business.

(4) No Deductible applies to this Additional Coverage.

- (5) The most we will pay for loss or damage in any one occurrence under this Additional Coverage is \$5,000, unless a higher Limit of Insurance is shown in the Declarations for Disease Contamination.

## 5. Coverage Extensions

The insurance provided by this Coverage Part is extended as follows:

### a. Newly Acquired or Constructed Property

- (1) The insurance provided by this Coverage Form is extended to apply to:

(a) Loss of or damage to:

- (i) Your new buildings or structures while being built on a described premises or at any location you acquire, including materials, equipment, supplies and temporary structures used in the construction, while at or within 1000 feet of such locations;
- (ii) Additions or alterations while being made to existing covered buildings or structures, including materials, equipment, supplies and temporary structures used in making the additions or alterations, while at or within 1000 feet of the described premises;
- (iii) Buildings you acquire at locations other than the described premises; and
- (iv) Buildings owned or controlled by an organization that you acquire or form (other than a joint venture) and in which you have a majority interest.

The most we will pay for loss or damage to this property in any one occurrence under this Extension is \$1,000,000, unless otherwise indicated in (d) below.

- (b) Loss of or damage to Business Personal Property at any location:
- (i) You acquire; or
  - (ii) Owned or controlled by any organization that you acquire or form (other than a joint venture) and in which you have a majority interest.

The most we will pay for loss or damage to this property in any one occurrence under this Extension is \$500,000.

- (c) The actual loss of “business income” you sustain and necessary “extra expense” you incur during the “period of restoration” due to direct physical loss of or damage to property at any location:

- (i) You acquire; or
- (ii) Owned or controlled by any organization that you acquire or form (other than a joint venture) and in which you have a majority interest.

The most we will pay for loss of “business income” and “extra expense” in any one occurrence under this Extension is \$250,000. No Deductible applies to this coverage for loss of “business income” and “extra expense”.

- (d) If a Limit of Insurance is shown in the Declarations for Additions or Alterations, the limits for additions or alterations described in (a)(ii) above are increased by this amount. Such Limit of Insurance is in addition to the amount provided in (a) above, but does not apply to the Newly Acquired or Constructed Property described in (a)(i), (a)(iii) or (a)(iv) above.

- (2) Insurance under this Extension applies only if loss or damage is caused by a Covered Cause of Loss.

- (3) Insurance under this Extension for each newly acquired or constructed property or each newly acquired or formed organization will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days expire after you acquire the property, you begin to construct, add to or alter the property, or you acquire or form the organization; or
- (c) You report values to us.

- (4) We will charge you additional premium for values reported from the date you acquire the property, you begin to construct, add to or alter the property, or you acquire or form the organization.

**b. Personal Effects**

- (1) The insurance provided by this Coverage Form is extended to apply to loss of or damage to personal effects owned by you, your officers, your directors, your partners or your employees, while such property is at or within 1000 feet of the described premises.
- (2) Insurance under this Extension applies only if the loss or damage is caused by a Covered Cause of Loss.
- (3) The most we will pay for loss or damage to this property in any one occurrence under this Extension is \$25,000 at each described premises. But we will not pay more than \$5,000 for loss or damage to the property of any one person.
- (4) We will not pay for loss or damage in any one occurrence under this Extension until the amount of loss or damage exceeds \$250. We will then pay the amount of loss or damage in excess of \$250, up to the Limit of Insurance applying to this Extension. No other Deductible applies to this Extension.

**c. Property of Patients or Residents**

- (1) The insurance provided by this Coverage Form is extended to apply to loss or damage to the following property caused by or resulting from a Covered Cause of Loss:
  - (a) Your patients' or "residents'" personal property, other than money and securities, while at or within 1000 feet of the described premises;
  - (b) Your patients' or "residents'" personal property, other than money and securities, while:
    - (i) In the due course of transit;
    - (ii) Temporarily at a location you do not own, rent or regularly use in the operation of your health or personal care facility; or
    - (iii) At any location you acquire, but only for 180 days after you acquire the location or until more specific insurance applies to the location, whichever occurs first.

But coverage for this property applies only while the patients or

"residents" are under your supervision or the supervision of your employees; and

- (c) Money and securities belonging to, and in the care, custody or control of, your patients or "residents", while inside a building at the described premises.
- (2) As used in this Extension:
    - (a) "Money" means currency, coins, bank notes, bullion, travelers checks, registered checks and money orders.
    - (b) "Securities" means negotiable and non-negotiable instruments or contracts which represent money or other property, and includes tokens, tickets, revenue and other stamps, and credit card receipts.
  - (3) The most we will pay in any one occurrence under this Extension for loss or damage to:
    - (a) Your patients' or "residents'" personal property, other than money and securities, at any one location or in transit is \$25,000, unless a higher per occurrence Limit of Insurance is shown in the Declarations for Property of Patients or Residents. But we will not pay more than \$5,000 for loss or damage to the property of any one patient or "resident", unless a higher per person Limit of Insurance is shown in the Declarations for Property of Patients or Residents;
    - (b) Your patients' or "residents'" money and securities is \$5000 at each described premises. But we will not pay more than \$500 for loss of money and securities of any one patient or "resident".
  - (4) We will not pay for loss or damage in any one occurrence under this Extension until the amount of loss or damage exceeds \$250. We will then pay the amount of loss or damage in excess of \$250, up to the applicable Limit of Insurance under this Extension. No other Deductible applies to this Extension.
  - (5) Under this Extension, the value of your patients' or "residents'" money and securities will be calculated as the smaller of the following:

- (a) The cost to replace the money or securities at the time of loss; or
- (b) The actual cash value of the money or securities at the time of loss.

However, at your option, the cost of replacing securities may be calculated using the market value of the securities at the time the claim is settled.

**d. Data Restoration Expense**

- (1) The insurance provided by this Coverage Form is extended to apply to your costs to research, replace or restore the lost data on lost or damaged media used in your data processing operations, for which duplicates do not exist.
- (2) This Extension applies only to loss or damage occurring at or within 1000 feet of the described premises or in the due course of transit, and only if the loss or damage is caused by a Covered Cause of Loss.
- (3) The most we will pay in any one occurrence under this Extension for your costs to research, replace or restore the lost data on lost or damaged media at or within 1000 feet of each described premises, or in transit, is \$25,000 unless a higher Limit of Insurance is shown in the Declarations for Data Restoration Expense.

**e. Property Off-Premises**

The insurance provided by this Coverage Form is extended to apply to loss of or damage to Covered Property that is temporarily at a location you do not own, lease or operate. This Extension applies only if loss or damage is caused by a Covered Cause of Loss. This Extension does not apply to Covered Property in the due course of transit.

The most we will pay for loss or damage in any one occurrence under this Extension is 20% of the Covered Property Limit of Insurance shown in the Declarations or \$500,000, whichever is less.

**f. Property In Transit**

- (1) The insurance provided by this Coverage Form is extended to apply to:
  - (a) Loss of or damage to Covered Property in the due course of transit; and
  - (b) The actual loss of "business income" you sustain and necessary "extra expense" you incur during

the "period of restoration" due to direct physical loss or damage to Covered Property in the due course of transit.

- (2) Insurance under this Extension applies only if the loss or damage to Covered Property in the due course of transit is caused by a Covered Cause of Loss. Insurance under this Extension does not apply to loss of or damage to:

- (a) Property while waterborne, except in regular ferry operations in the course of being moved by other means of transportation;
- (b) Property shipped by mail, except by registered mail;
- (c) Export shipments once:
  - (i) Loaded on board the export conveyance; or
  - (ii) Under the protection of marine insurance;whichever occurs first;
- (d) Import shipments while under the protection of marine insurance; or
- (e) Vehicles or self propelled machines unless in the due course of transit in or on another transporting conveyance.

- (3) The most we will pay in any one occurrence under this Extension for:

- (a) Loss of or damage to Covered Property in the due course of transit is \$25,000, unless a higher Limit of Insurance is shown in the Declarations for Property In Transit - Direct Damage.
- (b) Loss of "business income" and "extra expense" is \$25,000, unless a higher Limit of Insurance is shown in the Declarations for Property In Transit - Business Income and Extra Expense. No Deductible applies to this coverage for loss of "business income" and "extra expense".

**g. Outdoor Trees, Shrubs and Plants**

The insurance provided by this Coverage Form, including debris removal expense, is extended to apply to loss of or damage to your outdoor trees, shrubs and plants at the described premises. This Extension applies only to loss or damage caused by or resulting from any of the following causes of loss:

- (1) Fire or Lightning;



- (2) Explosion;
- (3) Riot or civil commotion;
- (4) Aircraft or vehicles;
- (5) Vandalism;
- (6) Sonic shock waves; or
- (7) Falling objects;

but only to the extent that they are Covered Causes of Loss; or

- (8) Collapse of a building if the collapse is itself caused by a Covered Cause of Loss listed above.

The most we will pay for loss or damage in any one occurrence under this Extension is \$10,000, but not more than \$1,000 for any one tree, shrub or plant.

#### **h. Emergency Vacating Expenses**

- (1) The insurance provided by this Coverage Form is extended to apply to the reasonable expenses that you incur in the "emergency" vacating of the health or personal care facility premises described in the Declarations.
- (2) By "emergency" we mean imminent danger arising from an external event or a condition in the health or personal care facility which would cause loss of life or harm to your patients or "residents",
- (3) We will not pay for any expenses under this Extension arising out of:
  - (a) A strike, bomb threat or false fire alarm, unless vacating is ordered by a civil authority;
  - (b) A planned vacating drill; or
  - (c) The vacating of one or more patients or "residents" that is due and confined to their individual medical condition;
  - (d) Any of the following to the extent these causes of loss are excluded in Section **B.** of this Coverage Form.
    - (i) Governmental Action;
    - (ii) Nuclear Hazard; and
    - (iii) War and Military Action.

No other exclusions in your policy apply to this Extension.

- (4) The most we will pay for Emergency Vacating Expenses in any one occur-

rence under this Extension is \$50,000, unless a higher Limit of Insurance is shown in the Declarations for Emergency Vacating Expenses.

- (5) We will not pay for Emergency Vacating Expenses in any one occurrence until the amount of Emergency Vacating Expenses exceeds \$250. We will then pay the amount of Emergency Vacating Expenses in excess of \$250 up to the Limit of Insurance for this Extension. No other Deductible applies to this Extension.

#### **i. Miscellaneous Dependent Property Locations**

The insurance provided under the Business Income and Extra Expense Additional Coverage is extended to apply to the actual loss of "business income" you sustain and necessary "extra expense" you incur during the "period of restoration" due to direct physical loss or damage to property at the premises of a "dependent property" not described in the Declarations, caused by or resulting from a Covered Cause of Loss.

The most we will pay under this Extension for loss or expense arising from any one occurrence at the premises of any one "dependent property" is \$10,000, unless a higher Limit of Insurance is shown in the Declarations for Miscellaneous Dependent Property Locations. No Deductible applies to this Extension.

**j. Automatic Fire Suppression System Recharge Expense**

The insurance provided by this Coverage Form is extended to apply to the automatic fire suppression system recharge expense you incur due to the leakage or discharge of the fire suppressant within any automatic fire suppression system at the described premises.

Insurance under this Extension applies only if the leakage or discharge is caused by or results from a Covered Cause of Loss.

The most we will pay for your automatic fire suppression system recharge expense in any one occurrence under this Extension is \$5,000. No deductible applies to this Extension.

**k. Cost of Preparing a Statement of Loss**

The insurance provided by this Coverage Form is extended to apply to the cost of preparing a statement of loss or any other exhibits required in connection with any claim covered under this policy.

The most we will pay for the cost of preparing a statement of loss or other exhibits is \$5,000 for any one claim.

No Deductible applies to this Extension.

The amount recoverable under each of these Extensions is additional insurance and shall apply as excess insurance over any other applicable coverage or Coverage Extension in this or any other Coverage Form or endorsement made a part of this policy.

**B. EXCLUSIONS AND LIMITATIONS**

**1. Exclusions**

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

**(1) Ordinance or Law**

The enforcement of any ordinance or law:

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

**(2) Earth Movement**

- (a)** Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire, explosion or theft results, we will pay for that resulting loss or damage.
- (b)** Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, we will pay for that resulting loss or damage.

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

- (i)** Airborne volcanic blast or airborne shock waves;
- (ii)** Ash, dust or particulate matter; or
- (iii)** Lava flow.

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

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

This exclusion does not apply to property in the due course of transit, or in the custody of salesmen.

**(3) Governmental Action**

Seizure or destruction of property by order of governmental authority.

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

**(4) Nuclear Hazard**

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

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

**(5) Off-Premises Services**

The failure of power or other utility service supplied to any premises, however caused, if the failure occurs away from the premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

**(6) War and Military Action**

**(a)** War, including undeclared or civil war;

**(b)** 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

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

**(7) Water**

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

**(b)** Mudslide or mudflow;

**(c)** Water that backs up from a sewer or drain; or

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

**(i)** Foundations, walls, floors or paved surfaces;

**(ii)** Basements, whether paved or not; or

**(iii)** Doors, windows or other openings.

But if loss or damage by fire, explosion, sprinkler leakage or theft results, we will pay for that resulting loss or damage. We will also pay for resulting loss or damage by Equipment Breakdown if it is a Covered Cause of Loss.

This exclusion does not apply to property in the due course of transit or in the custody of salesmen, or to the Limited Water Damage Additional Coverage.

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

**(1)** Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires, except to the extent such loss or damage is covered when Equipment Breakdown is a Covered Cause of Loss.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

**(2)** Delay, loss of use, loss of market, or, except as specifically provided, consequential loss of any nature.

**(3)** Smoke, vapor or gas from agricultural smudging or industrial operations.

But we will pay for resulting loss or damage by Equipment Breakdown if it is a Covered Cause of Loss.

**(4) (a)** Wear and tear;

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

**(c)** Smog;

**(d)** Settling, cracking, shrinking, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings;

**(e)** Insects, birds, rodents or other animals;

**(f)** Mechanical breakdown, including rupture or bursting caused by centrifugal force, except to the extent such loss or damage is covered when Equipment Breakdown is a Covered Cause of Loss; or

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

**(i)** Dampness or dryness of atmosphere;

**(ii)** Changes in or extremes of temperature; or

**(iii)** Marring or scratching.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

**(5)** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control, except to the extent such loss or damage is covered when

Equipment Breakdown is a Covered Cause of Loss.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from 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.

- (6) Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

But we will pay for resulting loss or damage by Equipment Breakdown if it is a Covered Cause of Loss.

- (7) 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:

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

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

- (8) Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose (other than a carrier or other bailee for hire):

(a) Acting alone or in collusion with others; or

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

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

- (9) 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.

- (10) Rain, snow, ice or sleet to personal property in the open, other than property in the custody of carriers for hire.

- (11) Collapse, except as provided below in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

- (12) Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "Specified Causes of Loss". But if loss or damage by the "Specified Causes of Loss" results, we will pay for the resulting loss or damage caused by the "Specified Causes of Loss".

- c. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

- (1) Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in section **B.1.a.** of this Coverage Form to produce the loss or damage.

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

- (3) Faulty, inadequate or defective:

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

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

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

(d) Maintenance;

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

- d. The following additional exclusions apply only to the insurance provided under this Coverage Part for loss of "business income" and "extra expense". We will not pay for:

- (1) Any loss caused by or resulting from:

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

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

This exclusion does not apply to "extra expense".

- (2) Any loss caused by or resulting from loss of or damage to data contained on media used in electronic data processing operations due to programming errors or faulty machine instructions.

- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming operations, due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of operations, we will cover such loss that affects your "business income" during the "period of restoration".
- (4) Any "extra expense" caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration",
- (5) Any other consequential loss.

## 2. Limitations

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

- (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment, except to the extent such loss or damage is covered when Equipment Breakdown is a Covered Cause of Loss.  
  
But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion, except to the extent such loss or damage is covered when Equipment Breakdown is a Covered Cause of Loss.
- (3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. But this does not apply to property in the custody of carriers or other bailees for hire.
- (4) Property that has been transferred to a person or to a place outside the de-

scribed premises on the basis of unauthorized instructions.

- (5) Fences, bridges, walks, roadways, patios or other paved surfaces, outdoor swimming pools and related equipment, retaining walls, bulkheads, piers, wharves or docks caused by or resulting from:
  - (a) Freezing or thawing;
  - (b) The pressure or weight of ice or water, whether driven by wind or not; or
  - (c) Watercraft.
- (6) Outdoor radio or television antennas, including their lead-in wiring, masts or towers, caused by or resulting from snow, ice, sleet, windstorm or hail.
- (7) Property in an unattended vehicle caused by or resulting from theft or attempted theft.

This Limitation does not apply to property:

- (a) Contained in a fully enclosed and securely locked body or compartment of a vehicle if the theft is by forcible entry, evidenced by visible marks upon the body or compartment; or
  - (b) In the custody of carriers for hire.
- b. We will not pay for loss of or damage to the following types of property unless caused by the "Specified Causes of Loss" or building glass breakage:
- (1) Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    - (a) Glass that is part of a building or structure;
    - (b) Containers of property held for sale; or
    - (c) Photographic or scientific instrument lenses.
  - (2) Builders' machinery, tools, and equipment you own or that are entrusted to you, while away from the premises described in the Declarations.
- c. For loss or damage by theft, the following types of property are covered only up to the limits shown:

- (1) \$5,000 for furs, fur garments and garments trimmed with fur. But we will not pay more than \$2,500 for any one article of this type of property.
- (2) \$25,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. But we will not pay more than \$5,000 for any one article of this type of property.  

The \$25,000 limitation on this property does not apply to jewelry and watches worth \$100 or less per item.
- (3) \$5,000 for patterns, dies, molds and forms.
- (4) \$1,000 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

### C. LIMITS OF INSURANCE

1. The most we will pay for loss or damage to Covered Property in any one occurrence is the Covered Property Limit of Insurance shown in the Declarations.
2. Payments under the Business Income and Extra Expense Additional Coverage are included in, and will not increase, the Covered Property Limit of Insurance, unless a separate Limit of Insurance is shown in the Declarations for Business Income and Extra Expense.

When a separate Limit of Insurance is shown in the Declarations for Business Income and Extra Expense, the most we will pay for loss and expense in any one occurrence under the Business Income and Extra Expense Additional Coverage is the Business Income and Extra Expense Limit of Insurance shown. This limit is in addition to the Covered Property Limit of Insurance.

3. Payments under the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.
4. Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:
  - a. Preservation of Property;
  - b. Collapse;
  - c. Limited Water Damage;
  - d. Water, Other Liquids, Powder or Molten Material Damage;
  - e. Spoilage;

f. Fine Arts - Additional Covered Causes of Loss; or

g. Debris Removal; but if:

- (1) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (2) The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

### D. DEDUCTIBLE

Except as otherwise specifically stated in the description of any coverage provided under this Coverage Part, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

If more than one deductible applies to loss or damage in any one occurrence under this Coverage Part, we will apply each deductible separately. But the total of all deductible amounts applied will not exceed the single highest deductible.

### E. ADDITIONAL CONDITIONS

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

#### 1. Abandonment

There can be no abandonment of any property to us.

#### 2. Appraisal

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

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



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

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

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- (5) Make no statement that will assume any obligation or admit any liability, for any loss for which we may be liable, without our consent.
- (6) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (7) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

- (8) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (9) Cooperate with us in the investigation or settlement of the claim.
- (10) If you have a covered "business income" or "extra expense" loss and 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. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property;
  - (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.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. If we take any property that is branded or labeled merchandise, you may, at your own expense:
  - (1) Stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
  - (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.
- d. We will not pay you more than your financial interest in the lost or damaged property to which this insurance applies.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the lost or damaged property to which this insurance applies.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:



- (1) You have complied with all of the terms of this Coverage Part; and
- (2) (a) We have reached agreement with you on the amount of loss; or  
(b) An appraisal award has been made.

## 5. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
  - (1) Pays any premium under this Coverage Part at our request if you have failed to do so;
  - (2) Submits a signed, sworn statement 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 mortgage holder.

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

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part;
  - (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder 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 mortgage holder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your non-payment 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 mortgage holder at least 10 days before the expiration date of this policy.

## 6. Recovered Property

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

## 7. Suspension of Equipment Breakdown Coverage

- a. If:
  - (1) Equipment Breakdown is a Covered Cause of Loss; and
  - (2) Any equipment to which the Equipment Breakdown Cause of Loss applies is found to be in, or exposed to, a dangerous condition;

we may immediately suspend the insurance provided for loss caused by a sudden and accidental breakdown of that equipment under the Equipment Breakdown Cause of Loss.

- b. The suspension can be done by delivering or mailing a notice of the suspension to:
  - (1) Your last known address; or
  - (2) The address where the equipment is located.
- c. Once suspended, such insurance can only be reinstated by a written endorsement issued by us.
- d. If we suspend your insurance, you will get a pro rata refund of premium for the suspended insurance. But the suspension will be effective even if we have not yet made or offered a refund.

## 8. Vacancy

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

**a.** Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (1) Vandalism;
- (2) Sprinkler leakage caused by or resulting from freezing unless you have protected the system against freezing;
- (3) Building glass breakage;
- (4) Water damage;
- (5) Theft; or
- (6) Attempted theft.

**b.** Reduce the amount we would otherwise pay for the loss or damage by 15%. But this provision does not apply to the following causes of loss:

- (1) Windstorm or hail;
- (2) Aircraft or vehicles;
- (3) Falling objects;
- (4) Sonic shock waves;
- (5) Weight of ice, snow or sleet;
- (6) Equipment Breakdown;
- (7) Earthquake; or
- (8) Flood;

if they are Covered Causes of Loss; or

- (9) Collapse of a building, if the collapse is itself caused by a Covered Cause of Loss listed above.

A building is vacant when it does not contain enough personal property to conduct customary operations. Buildings under construction are not considered vacant.

## 9. Valuation of Property

In the event of loss or damage, the value of property to which this insurance applies will be determined as follows:

**a.** All property, except as provided in **b.** through **h.** below, at 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 cost to repair the lost or damaged property with property of comparable material or quality;

- (c) The cost to replace, on the same premises, the lost or damaged property with other property:

- (i) Of comparable material and quality; and

- (ii) Used for the same purpose; or

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

- (2) 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.

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

**b.** The following property at actual cash value:

- (1) Contents of a residence;

- (2) Manuscripts; or

- (3) "Fine arts".

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

**d.** "Finished stock" you manufacture at the price the goods could have been sold on the day of the loss had no loss occurred, less discounts and expenses you otherwise would have had.

**e.** Glass at the cost of replacement with safety glazing material if required by law.

**f.** Tenant's Improvements and Betterments at:

- (1) Replacement Cost of the lost or damaged property if you repair or replace promptly, subject to the provisions of paragraph **a.** above.

- (2) A proportion of your original cost if you do not repair or replace promptly. We

will determine the proportionate value as follows:

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

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

- (3) Nothing if others pay for repairs or replacement.
- g. Valuable Papers and Records, including those which exist on media (other than pre-packaged software programs), at the cost of:
  - (1) Blank materials for reproducing the records; and
  - (2) Labor to transcribe or copy the records when there is a duplicate.

In addition, coverage for costs to research, replace or restore lost data on lost or damaged media used in data processing operations for which duplicates do not exist is provided under the Data Restoration Expense Coverage Extension.

- h. Property in the due course of transit at the amount of invoice, including any prepaid or advanced freight, as well as any costs or charges which have accrued or become legally due since the shipment commenced. In the absence of an invoice, the property will be valued at its actual cash market value at the point of destination on the date of the loss, less any charges saved which would have been due and payable upon delivery at the destination.

## 10. Valuation - Loss of Business Income and Extra Expense

- a. The amount of "business income" loss will be determined based on:
  - (1) The Net Income of the business before the direct physical loss or damage occurred;
  - (2) The likely Net Income of the business if no loss or damage occurred;
  - (3) The operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the direct physical loss or damage; and
  - (4) Other relevant sources of information, including:
    - (a) Your financial records and accounting procedures;
    - (b) Bills, invoices and other vouchers; and
    - (c) Deeds, liens or contracts.
- b. The amount of "extra expense" will be determined based on:
  - (1) All expenses that exceed the normal operating expenses that would have been incurred by operations during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
    - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once operations are resumed; and
    - (b) Any "extra expense" that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
  - (2) All necessary expenses that reduce the "business income" or "extra expense" loss that otherwise would have been incurred.
- c. We will reduce the amount of your "business income" loss, to the extent you can resume your operations, in whole or in part, by:
  - (1) Using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere

when the “business income” loss is due to loss or damage to property other than “dependent property”.

**(2) Using any other available:**

- (a) Source of materials or services; or**
  - (b) Outlet for your products or services;**
- when the “business income” loss is due to loss or damage to “dependent property”.

- d. We will reduce the amount of your “extra expense” loss to the extent you can return operations to normal and discontinue such “extra expense”.**

## F. OPTIONAL COVERAGES

The Optional Coverages in this section apply only when indicated in the Declarations, and then only with respect to the property and locations designated for such coverage.

### 1. Actual Cash Value

When the Actual Cash Value option applies, Actual Cash Value replaces Replacement Cost in paragraphs **a.** and **f.(1)** of Additional Condition **9.** Valuation of Property.

### 2. Earthquake and Volcanic Eruption

- a. When the Earthquake and Volcanic Eruption option applies, Covered Causes of Loss also means the following:**

- (1) Earthquake.**
- (2) Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.**

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

- b. Exclusions**

For this optional cause of loss only, the following changes apply:

- (1) Exclusion B.1.a.(2) Earth Movement, does not apply.**
- (2) Exclusions B.1.a.(3) Governmental Action, and B.1.a.(4) Nuclear Hazard, are replaced by the following:**

- (3) Governmental Action**

Seizure or destruction of property by order of governmental authority.

### **(4) Nuclear Hazard**

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

- (3) We will not pay for loss or damage caused by or resulting from:**

- (a) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.**

But this exclusion does not apply to any loss or damage that would be a covered Equipment Breakdown loss under this Coverage Part if the exclusion of earthquake and volcanic eruption did not apply.

- (b) Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an Earthquake or Volcanic Eruption.**

- (c) Any Earthquake or Volcanic Eruption that begins before the inception of this insurance.**

### **c. Limitation**

We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying the Deductible applicable to this form.

This limitation does not apply if:

- (1) The premises description in the Declarations specifically states “Including Masonry Veneer”; or**
- (2) Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).**

### **d. Limit of Insurance**

The most we will pay for loss or damage under this optional cause of loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations for Earthquake and Volcanic Eruption. This Limit of Insurance is part of, and not in addition to, any other applicable Limit of Insurance.

The most we will pay for loss or damage under this optional cause of loss in any one policy year is the Aggregate Limit of Insurance shown in the Declarations for Earthquake and Volcanic Eruption.

**e. Deductible**

(1) For all coverages except the insurance provided for loss of “business income” and “extra expense”, the Deductible, if any, is replaced by the following with respect to Earthquake and Volcanic Eruption:

(a) When the Deductible for Earthquake and Volcanic Eruption is shown as a dollar amount in the Declarations, we will not pay for loss or damage under this optional cause of loss in any one occurrence until the amount of loss or damage exceeds the Deductible amount shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Earthquake and Volcanic Eruption Limit of Insurance.

This Deductible does not apply to property in transit or in the custody of a salesman.

(b) When the Deductible for Earthquake and Volcanic Eruption is shown as a percentage in the Declarations, we will subtract a sum from the amount of loss or damage in any one occurrence.

The sum we subtract from each separate item will be a percentage of its value. The applicable percentage is shown in the Declarations.

This Deductible applies separately to each building or structure, the contents of each building or structure, and personal property in the open. But this Deductible does not apply to property in transit or in the custody of a salesman.

Example:

When:

The value of the property is	\$100,000
The Earthquake Deductible is	5%
The amount of loss is	\$ 20,000

Step (a):

$$\$100,000 \times 5\% = \$5,000$$

Step (b):

$$\$ 20,000 - \$5,000 = \$15,000$$

The most we will pay is \$15,000. The remaining \$5,000 is not covered because of the Deductible.

(2) The following is applicable only to the insurance provided for loss of “business income” and “extra expense”:

For buildings over 4 stories in height we will only pay for loss or expense you sustain after the first 168 hours after direct physical loss or damage caused by or resulting from Earthquake or Volcanic Eruption.

**3. Flood and Water Damage**

a. When the Flood option applies, Covered Causes of Loss also means:

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

(2) Mudslide or mudflow;

(3) Water that backs up from a sewer or drain; or

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

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

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

All loss or damage from Flood or Water Damage that occurs over a continuous or protracted period will constitute a single Flood or Water Damage loss.

**b. Exclusions**

For this optional cause of loss only, the following changes apply:

(1) Exclusions **B.1.a.(3)** Governmental Action, and **B.1.a.(4)** Nuclear Hazard, are replaced by the following:

**(3) Governmental Action**

Seizure or destruction of property by order of governmental authority.

**(4) Nuclear Hazard**

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

- (2) Exclusion B.1.a.(7)** Water, does not apply.
- (3)** We will not pay for loss or damage caused by or resulting from:
- (a)** Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.
  - (b)** Fire or explosion, even if attributable to the Flood or Water Damage.
  - (c)** Any Flood or Water Damage that begins before the inception of this insurance.

**c. Limit of Insurance**

The most we will pay for loss or damage under this optional cause of loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations for Flood and Water Damage. This Limit of Insurance is part of, and not in addition to, any other applicable Limit of Insurance.

The most we will pay for loss or damage under this optional cause of loss in any one policy year is the Aggregate Limit of Insurance shown in the Declarations for Flood and Water Damage.

**d. Deductible**

For all coverages, the Deductible, if any, is replaced by the following with respect to Flood and Water Damage:

We will not pay for loss or damage under this optional cause of loss in any one occurrence until the amount of loss or damage exceeds the Deductible amount shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Flood and Water Damage Limit of Insurance.

This Deductible does not apply to property in transit or in the custody of a salesman.

**G. DEFINITIONS****1. "Business Income"** means the:

- a.** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

- b.** Continuing normal operating expenses incurred, including payroll.

**2. "Dependent Property"** means property operated by others on whom you depend to:

- a.** Deliver materials or services to you, or to others for your account. With respect to services delivered to you, services do not mean water, communication or power supply services;
- b.** Accept your products or services;
- c.** Manufacture products for delivery to your customers under contract of sale; or
- d.** Attract customers to your business.

**3. "Extra Expense"** means necessary expenses you incur that you would not have incurred if there had been no direct physical loss or damage to property:

- a.** To avoid or minimize the suspension of business and to continue operations:

- (1)** At the premises where the loss or damage to property occurs; or

- (2)** At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations;

- b.** To minimize the suspension of business if you cannot continue operations;

- c.** To expedite the repair or replacement of the damaged property, including the costs of overtime and express or other rapid means of transportation; or

- d.** To the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Part:

- (1)** To repair or replace any property; or

- (2)** To research, replace or restore the lost information on damaged valuable papers and records.

**4. "Fine Arts"** means works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.**5. "Finished Stock"** means stock you have manufactured. But "finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.**6. "Period of Restoration"**

- a.** "Period of restoration" means the period of time that begins with the date of direct physical loss or damage caused by or re-

sulting from a Covered Cause of Loss, and ends on the earlier of the following dates:

- (1) The date you restore your business to the condition that would have existed if no direct physical loss or damage occurred; or
  - (2) (a) 60 days after the date when property should be repaired, rebuilt or replaced with reasonable speed and similar quality if you plan to resume operations; or  
(b) The date when property should be repaired, rebuilt or replaced with reasonable speed and similar quality if you do not plan to resume operations.
- b. "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
    - (1) Regulates the construction, use 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".
  - c. If damage involved was to a building being built or altered, you can choose to have the "period of restoration" start on the date you would have begun operations in the building instead of on the date of damage. The length of time described in paragraph a. above will apply no matter when the "period of restoration" begins.
  - d. The expiration of this policy will not cut short the "period of restoration".
7. "**Pollutants**" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
  8. "**Residents**" means persons residing in, and receiving the care services provided by, your facility. "Residents" do not include you, your partners, employees, directors or trustees, or physicians serving a residency.
  9. "**Specified Causes of Loss**" means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles and objects thrown up by 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; elevator collision; sonic shock waves; collapse of a building; all only as insured against in this Coverage Part.

    - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
      - (1) The cost of filling sinkholes; or
      - (2) Sinking or collapse of land into man-made underground cavities.
    - b. Falling objects does not include loss or damage to:
      - (1) Personal property in the open; or
      - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
    - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
    - d. While property is in the due course of transit, "Specified Causes of Loss" also means the following:
      - (1) Vehicle collision, upset or overturn. Collision means the violent and accidental contact of the vehicle conveying the Covered Property with any other vehicle or object. It does not include loss or damage caused by contact of the vehicle with any portion of the roadbed;
      - (2) Sinking or stranding of a vessel, or collapse of a bridge, culvert, dock or wharf; and
      - (3) Theft of property contained in a fully enclosed and securely locked body or compartment of a vehicle, provided the theft is by forcible entry evidenced by visible marks upon the body or compartment.
    - e. When any of the following is a Covered Cause of Loss, "Specified Causes of Loss" also includes such cause of loss, but only as insured against in this Coverage Part:
      - (1) Equipment Breakdown;
      - (2) Earthquake and Volcanic Action;
      - (3) Flood and Water Damage.



10. **“Stock”** means merchandise held in storage or for sale, or sold but not delivered, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

*SERFF Tracking Number:* CNAC-125330674      *State:* Arkansas  
*First Filing Company:* Continental Casualty Company, ...      *State Tracking Number:* #? \$50  
*Company Tracking Number:* 07-2187F  
*TOI:* 01.0 Property      *Sub-TOI:* 01.0001 Commercial Property (Fire and Allied Lines)  
*Product Name:* Long Term Care Program  
*Project Name/Number:* /07-2187

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: CNAC-125330674 State: Arkansas  
First Filing Company: Continental Casualty Company, ... State Tracking Number: #? \$50  
Company Tracking Number: 07-2187F  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: Long Term Care Program  
Project Name/Number: /07-2187

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 11/21/2007

**Comments:**

**Attachments:**

07-2187F AR Transmittal.pdf  
07-2187F FFS.pdf

**Satisfied -Name:** Tracked Changes **Review Status:** Approved 11/21/2007

**Comments:**

**Attachment:**

SCP 00504 Health and Pers Care Facilities - Bldg and PP Cov Form - RevMrk05.pdf

**Satisfied -Name:** Cover Letter **Review Status:** Approved 11/21/2007

**Comments:**

**Attachment:**

07-2187FR AR Cover Letter.pdf

**Satisfied -Name:** Forms Memo **Review Status:** Approved 11/21/2007

**Comments:**

**Attachment:**

Filing MemorandumLTC10 07.pdf



## Property & Casualty Transmittal Document—

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	<b>07-2187F</b>
------------	--	-----------------

<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
------------	--

The CNA Insurance Group of Companies submits on behalf of the above named companies its revised form for use with our Long Term Care Program currently on file with your department.

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
------------	---

**Check #:** 0000212248

**Amount:** \$50.00

**Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.**

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

## FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)  
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	<b>07-2187F</b>			
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)	<b>07-2187R</b>			
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Health and Personal Care Facilities – Building and Personal Property Coverage Form	SCP00504 03/2007	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	SCP00504 05/1992	95-3340
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		



**QUICK REFERENCE**  
**HEALTH AND PERSONAL CARE FACILITIES**  
**READ YOUR POLICY CAREFULLY**

**Beginning  
on Page**

**SECTION A - COVERAGE**

Covered Property - Real Property .....	3
Business Personal Property .....	3
Property Not Covered .....	4
Covered Causes of Loss .....	4
<b>Additional Coverages</b>	
Debris Removal .....	5
Preservation of Property .....	5
Fire Department Service Charge .....	5
Pollutant Clean Up and Removal .....	5
Business Income and Extra Expense .....	6
Collapse .....	6
Limited Water Damage .....	6
Water, Other Liquids, Powder or Molten Material Damage .....	7
Spoilage .....	7
Fine Arts - Additional Covered Causes of Loss .....	8

**Coverage Extensions**

Newly Acquired or Constructed Property .....	8
Personal Effects .....	9
Property of Patients or Residents .....	9
Data Restoration Expense .....	10
Property Off-Premises .....	10
Property In Transit .....	11
Outdoor Trees, Shrubs and Plants .....	11
Emergency Vacating Expenses .....	11
Miscellaneous Dependent Property Locations .....	12
Automatic Fire Suppression System Recharge Expense .....	12
Cost of Preparing A Statement of Loss .....	12

**SECTION B - EXCLUSIONS AND LIMITATIONS**

Exclusions .....	11
Limitations .....	15

**SECTION C - LIMITS OF INSURANCE** ..... 16

**SECTION D - DEDUCTIBLE** ..... 17

**SECTION E - ADDITIONAL CONDITIONS**

Abandonment .....	17
Appraisal .....	17
Duties in the Event of Loss or Damage .....	17
Loss Payment .....	17
Mortgage Holders .....	18



Deleted: 5

Deleted: 92

**Beginning  
on Page**

Recovered Property .....	19
Suspension of Equipment Breakdown Coverage .....	19
Vacancy.....	19
Valuation of Property.....	19
Valuation - Loss of Business Income and Extra Expense .....	21

**SECTION F - OPTIONAL COVERAGES**

Actual Cash Value.....	21
Earthquake and Volcanic Eruption.....	21
Flood and Water Damage.....	22

**SECTION G - DEFINITIONS .....23**

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92



## HEALTH AND PERSONAL CARE FACILITIES - BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G - DEFINITIONS.

### A. COVERAGE

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

#### 1. Covered Property

Covered Property, as used in this Coverage Part, means the following property unless otherwise specified in the Declarations:

a. **Real Property** at premises described in the Declarations. Real Property includes:

- (1) Buildings and structures;
- (2) Permanently installed:
  - (a) Fixtures;
  - (b) Machinery; and
  - (c) Equipment;
- (3) Outdoor fixtures;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) Additions, alterations and repairs, including:
  - (a) Completed additions and additions under construction;
  - (b) Alterations and repairs to the building or structure;
  - (c) Materials, equipment, supplies and temporary structures, on or within 1000 feet of the described premises, used for making additions, al-

terations or repairs to the building or structure.

b. **Business Personal Property** located in or on buildings or structures at premises described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises.

Business Personal Property consists of the following:

- (1) Personal property which you own and use in your business;
- (2) Personal property of others (including leased personal property) in your care, custody or control, including the cost of labor, materials or services furnished or arranged by you on such property; and
- (3) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove.

We will also cover your leasehold interest in improvements and betterments which are not damaged or destroyed, but which you lose because your lease is cancelled by the lessor as a result of damage to the building from a Covered Cause of Loss. When this occurs, we will calculate the value of your interest in the improvements and betterments as though they had been damaged or destroyed and not repaired or replaced promptly, as provided in the loss Condition, Valuation.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities, except as provided in the Property of Patients or Residents Coverage Extension. Lottery tickets held for sale are not securities;
- b. Animals;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. The cost of excavations, grading, backfilling or filling;
- e. Land (including land on which the property is located), water, growing crops and lawns;
- f. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- g. The cost to research, replace or restore the information on valuable papers and records, except as provided in the Data Restoration Expense Coverage Extension;
- h. Vehicles or self-propelled machines, including motor vehicles, trailers, aircraft and watercraft, and mobile medical equipment installed in or upon such vehicles. But Covered Property does include:
  - (1) Motor vehicles and trailers which are not licensed for use on public roads and are operated principally on the described premises; and
  - (2) Rowboats and canoes out of the water at, or within 1000 feet of, the described premises;
- i. Outdoor trees, shrubs or plants, except as provided in the Outdoor Trees, Shrubs and Plants Coverage Extension;
- j. Property belonging to your patients or "residents", except as provided in the Spoilage Additional Coverage and the Property of Patients or Residents Coverage Extension;
- k. Property sold by you under conditional sale, trust agreement, installment payment or other deferred payment plan, after delivery to customers.

## 3. Covered Causes Of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE, unless the loss is excluded or limited in Section B. EXCLUSIONS AND LIMITATIONS.

Covered Causes of Loss includes Equipment Breakdown as defined below, unless the Declarations show that the Equipment Breakdown Cause of Loss does not apply. Except as otherwise slated in Section B. EXCLUSIONS AND LIMITATIONS, all of the exclusions and limitations in that Section apply to the Equipment Breakdown Cause of Loss.

### Equipment Breakdown

- a. Equipment Breakdown means a sudden and accidental breakdown of the following equipment or any part of the following equipment:

- (1) Boilers;
- (2) Fired or unfired pressure vessels subject to vacuum or internal pressure other than the static pressure of their contents;
- (3) Piping and its accessory equipment;
- (4) Refrigeration or air conditioning systems; or
- (5) Mechanical or electrical machines or apparatus used for the generation, transmission or utilization of mechanical or electrical power;

which are in use or connected ready for use at or within 1000 feet of the described premises or any other premises where the insurance provided under this Coverage Part applies. At the time the breakdown occurs, the breakdown must manifest itself by physical damage to the equipment that necessitates repair or replacement.

- b. Depletion, deterioration, corrosion, erosion, wear and tear, the functioning of any safety or protective device or the breakdown of any structure or foundation of the equipment does not constitute an Equipment Breakdown.

In addition, Equipment Breakdown does not include:

- (1) The breakdown of any:
  - (a) Furnace;
  - (b) Sewer piping, underground gas piping, or piping forming a part of a sprinkler system;



Deleted: 5

Deleted: 92

- (c) Water piping other than boiler feed water piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (d) Insulating or refractory material; or
- (e) Vehicle, elevator, escalator, conveyor, hoist or crane; or

(2) The breakdown of any of the following equipment, but only when "Limited Equipment Breakdown" is indicated in the Declarations:

- (a) Any refrigeration or air conditioning system, or any pressure vessel or piping forming a part of the refrigeration or air conditioning system; or
- (b) Any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power, other than boilers and fired or unfired pressure vessels not otherwise excluded.

But with respect to the insurance provided under this Coverage Part for loss of "business income" and "extra expense", this exclusion does not apply to the breakdown of any transformer or electrical apparatus that is:

- (i) Owned by a public utility company; and
- (ii) Located at or within 1000 feet of the described premises or any other premises where the insurance provided under this Coverage Part for loss of "business income" and "extra expense" applies, and used to supply electrical power to those premises.

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

#### 4. Additional Coverages

##### a. Debris Removal

(1) We will pay your expense to remove debris of Covered Property caused by

or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) The most we will pay under this Additional Coverage is 35% of:

Deleted: 25

- (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
- (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

(3) 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.

##### b. Preservation Of Property

If it is necessary to move Covered Property from the premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property while it is being moved or while temporarily stored at another location.

##### c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$15,000 unless a higher Limit of Insurance is shown in the Declarations for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage.

##### d. Pollutant Clean Up and Removal

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

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92



Deleted: 5

Deleted: 92

within 180 days of the date on which the "Specified Cause of Loss" occurs.

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

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

**e. Business Income and Extra Expense**

(1) We will pay for:

- (a) The actual loss of "business income" you sustain due to the necessary interruption of your business operations at the described premises during the "period of restoration". The interruption must be caused by direct physical loss of or damage to property at or within 1000 feet of the described premises or the premises of a "dependent property" described in the Declarations, caused by or resulting from a Covered Cause of Loss.
- (b) The actual and necessary "extra expense" you incur during the "period of restoration" due to direct physical loss of or damage to property at or within 1000 feet of the described premises or the premises of a "dependent property" described in the Declarations, caused by or resulting from a Covered Cause of Loss.
- (c) The actual loss of "business income" you sustain and necessary "extra expense" you incur when a civil authority prohibits access to the described premises due to direct physical loss of or damage to property at premises more than 1000 feet away from the described premises caused by or resulting from a Covered Cause of Loss. This coverage will apply for a period of up to 30 days from the date of the civil authority action.

(2) No Deductible applies to this Additional Coverage.

**f. Collapse**

We will pay for loss, damage or expense under this Coverage Part caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- (1) The "Specified Causes of Loss" (other than collapse of a building) or breakage of building glass, all only as insured against in this Coverage Part;
- (2) Hidden decay;
- (3) Hidden insect or vermin damage;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof;
- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation;
- (7) Surface water, water that backs up from a sewer or drain, or water under the ground surface, but only to the extent such causes of loss are insured against under the Limited Water Damage Additional Coverage.

We will not pay for loss of or damage to the following types of property, if otherwise covered in this Coverage Part, under items (2), (3), (4), (5), (6) and (7) above, unless the loss or damage is a direct result of the collapse of a building:

outdoor radio or television antennas (including their lead-in wiring, masts or towers); awnings; gutters and downspouts; outdoor fixtures; outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; bridges, walks, roadways, patios and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

**g. Limited Water Damage**

We will pay for loss, damage or expense under this Coverage Part caused by or resulting from:

- (1) Surface water;
- (2) Water that backs up from a sewer or drain; or
- (3) Water under the ground surface pressing on, or flowing or seeping through:

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92



Deleted: 5

Deleted: 92

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings;

provided such loss, damage or expense is not otherwise excluded or limited in this Coverage Part.

The most we will pay in any one occurrence under this Additional Coverage is \$25,000, unless a higher Limit of Insurance is shown in the Declarations for Limited Water Damage.

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

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

We will not pay the cost to repair any defect that caused the loss or damage, except to the extent the repair of such defect is covered when Equipment Breakdown is a Covered Cause of Loss. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1) Results in discharge of any substance from an automatic fire protection system; or
- (2) Is directly caused by freezing not otherwise excluded in this Coverage Part.

**i. Spoilage**

(1) We will pay for direct physical loss or damage to perishable Business Personal Property or perishable personal property of your patients or "residents", while at or within 1000 feet of the described premises, caused by spoilage due to changes in temperature or humidity resulting from:

- (a) Complete or partial interruption of electrical power to the described premises, due to conditions beyond your control; or
- (b) Mechanical breakdown or failure of heating, cooling or humidity control equipment or apparatus at the described premises.

Insurance under this Additional Coverage includes the reasonable expenses you incur to minimize such a loss, but only to the extent the amount of spoilage loss otherwise payable under this Additional Coverage is reduced.

(2) We will not pay for loss or damage under this Additional Coverage caused by:

- (a) The manual disconnection of any heating, cooling or humidity control equipment or apparatus from the source of power;
- (b) The deactivation of electrical power or current caused by the throwing of any switch or other device used to control the flow of electrical power or current;
- (c) The inability of an electric utility company or other power source to provide sufficient power due to government order or lack of fuel;
- (d) The inability of a power source at the described premises to provide sufficient power due to insufficient generating capacity to meet demand; or
- (e) Any of the following, but only to the extent these causes of loss are excluded in Section B. - EXCLUSIONS AND LIMITATIONS:
  - (i) Earth Movement;
  - (ii) Government Action;
  - (iii) Nuclear Hazard;
  - (iv) War and Military Action; or
  - (v) Water.

None of the other exclusions in Section B. of this Coverage Form apply to this Additional Coverage.

(3) The most we will pay for loss or damage in any one occurrence under this Additional Coverage is \$25,000, unless a higher Limit of Insurance is shown in the Declarations for Spoilage.

(4) We will not pay for loss or damage in any one occurrence under this Additional Coverage until the amount of loss or damage exceeds \$1,000. We will then pay the amount of loss or damage in excess of \$1,000, up to the Limit of Insurance applying to this Additional Coverage. No other Deductible applies to this Additional Coverage.

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92

**j. Fine Arts Additional Covered Causes of Loss**

- (1) With respect only to the insurance provided under this Coverage Form for direct physical loss of or damage to "fine arts," Covered Causes of Loss are extended to include RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE, except as excluded in provision (2) below.
- (2) This Additional Coverage does not apply to loss or damage caused by or resulting from:
- (a) Any of the following to the extent these causes of loss are excluded in Section B. of this Coverage Form:
- (i) Governmental Action;
  - (ii) Nuclear Hazard; or
  - (iii) War and Military Action.
- (b) Any repairing, restoration or retouching process.
- (c) Breakage of fragile "fine arts" articles, including art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by:
- (i) A "Specified Cause of Loss";
  - (ii) Theft or attempted theft;
  - (iii) Earthquake; or
  - (iv) Flood.
- (d) Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose (other than a carrier or other bailee for hire):
- (i) Acting alone or in collusion with others; or
  - (ii) Whether or not occurring during the hours of employment.
- This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.
- (e) 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.

- (f) Any of the following, but if loss or damage by a cause of loss not otherwise excluded under this Additional Coverage results, we will pay for that resulting loss or damage:
- (i) Wear and tear;
  - (ii) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
  - (iii) Insects or rodents; or
  - (iv) Dampness or dryness of atmosphere or changes in or extremes of temperature.
- (3) The most we will pay in any one occurrence for loss or damage to "fine arts" caused by or resulting from any Covered Cause of Loss under this Additional Coverage that is not otherwise covered under this Coverage Part is:
- (a) The Limit of Insurance that applies to the lost or damaged "fine arts"; or
  - (b) \$25,000;
- whichever is less.

**k. Disease Contamination**

- (1) Subject to below, we will pay for the loss of "business income" you sustain and necessary "extra expense" you incur caused by disease contamination to your described premises due to direct physical loss of or damage to property at or within 1000 feet of such described premises, caused by or resulting from a Covered Cause of Loss.
- (2) This Additional Coverage is applicable only if such disease contamination is declared by the National Center for Disease Control, or the applicable city, county or state Department of Public Health.
- (3) This Additional Coverage does not apply to loss or damage caused by or resulting from:
- (a) the rebuilding, repairing, replacing or decontaminating of the damaged or destroyed covered property; or
  - (b) the resumption or continuation of the Insured's business.
- (4) No Deductible applies to this Additional Coverage.

(5) The most we will pay for loss or damage in any one occurrence under this Additional Coverage is \$5,000, unless a higher Limit of Insurance is shown in the Declarations for Disease Contamination.

5. Coverage Extensions

The insurance provided by this Coverage Part is extended as follows:

a. Newly Acquired or Constructed Property

(1) The insurance provided by this Coverage Form is extended to apply to:

- (a) Loss of or damage to:
  - (i) Your new buildings or structures while being built on a described premises or at any location you acquire, including materials, equipment, supplies and temporary structures used in the construction, while at or within 1000 feet of such locations;
  - (ii) Additions or alterations while being made to existing covered buildings or structures, including materials, equipment, supplies and temporary structures used in making the additions or alterations, while at or within 1000 feet of the described premises;
  - (iii) Buildings you acquire at locations other than the described premises; and
  - (iv) Buildings owned or controlled by an organization that you acquire or form (other than a joint venture) and in which you have a majority interest.

The most we will pay for loss or damage to this property in any one occurrence under this Extension is \$1,000,000, unless otherwise indicated in (d) below.

- (b) Loss of or damage to Business Personal Property at any location:
  - (i) You acquire; or
  - (ii) Owned or controlled by any organization that you acquire or form (other than a joint venture) and in which you have a majority interest.

The most we will pay for loss or damage to this property in any one occurrence under this Extension is \$500,000.

- (c) The actual loss of "business income" you sustain and necessary "extra expense" you incur during the "period of restoration" due to direct physical loss of or damage to property at any location:
  - (i) You acquire; or
  - (ii) Owned or controlled by any organization that you acquire or form (other than a joint venture) and in which you have a majority interest.

The most we will pay for loss of "business income" and "extra expense" in any one occurrence under this Extension is \$250,000. No Deductible applies to this coverage for loss of "business income" and "extra expense".

(d) If a Limit of Insurance is shown in the Declarations for Additions or Alterations, the limits for additions or alterations described in (a)(ii) above are increased by this amount. Such Limit of Insurance is in addition to the amount provided in (a) above, but does not apply to the Newly Acquired or Constructed Property described in (a)(i), (a)(iii) or (a)(iv) above.

- (2) Insurance under this Extension applies only if loss or damage is caused by a Covered Cause of Loss.
- (3) Insurance under this Extension for each newly acquired or constructed property or each newly acquired or formed organization will end when any of the following first occurs:
  - (a) This policy expires:
  - (b) 180 days expire after you acquire the property, you begin to construct, add to or alter the property, or you acquire or form the organization; or
  - (c) You report values to us.
- (4) We will charge you additional premium for values reported from the date you acquire the property, you begin to construct, add to or alter the property, or you acquire or form the organization.

Deleted: 5  
Deleted: 92  
Formatted: Indent: Left: 0.75"

Formatted: Font: Bold  
Formatted: Indent: Left: 1", Hanging: 0.25"  
Formatted: Font color: Auto  
Formatted: Font color: Auto  
Formatted

Formatted: Font: Bold

Deleted: 26  
Deleted: 25  
Deleted: 5  
Deleted: 92



Deleted: 5

Deleted: 92

**b. Personal Effects**

- (1) The insurance provided by this Coverage Form is extended to apply to loss of or damage to personal effects owned by you, your officers, your directors, your partners or your employees, while such property is at or within 1000 feet of the described premises.
- (2) Insurance under this Extension applies only if the loss or damage is caused by a Covered Cause of Loss.
- (3) The most we will pay for loss or damage to this property in any one occurrence under this Extension is \$25,000 at each described premises. But we will not pay more than \$5,000 for loss or damage to the property of any one person.
- (4) We will not pay for loss or damage in any one occurrence under this Extension until the amount of loss or damage exceeds \$250. We will then pay the amount of loss or damage in excess of \$250, up to the Limit of Insurance applying to this Extension. No other Deductible applies to this Extension.

**c. Property of Patients or Residents**

- (1) The insurance provided by this Coverage Form is extended to apply to loss or damage to the following property caused by or resulting from a Covered Cause of Loss:
  - (a) Your patients' or "residents'" personal property, other than money and securities, while at or within 1000 feet of the described premises;
  - (b) Your patients' or "residents'" personal property, other than money and securities, while:
    - (i) In the due course of transit;
    - (ii) Temporarily at a location you do not own, rent or regularly use in the operation of your health or personal care facility; or
    - (iii) At any location you acquire, but only for 180 days after you acquire the location or until more specific insurance applies to the location, whichever occurs first.

But coverage for this property applies only while the patients or

"residents" are under your supervision or the supervision of your employees; and

- (c) Money and securities belonging to, and in the care, custody or control of, your patients or "residents", while inside a building at the described premises.
- (2) As used in this Extension:
  - (a) "Money" means currency, coins, bank notes, bullion, travelers checks, registered checks and money orders.
  - (b) "Securities" means negotiable and non-negotiable instruments or contracts which represent money or other property, and includes tokens, tickets, revenue and other stamps, and credit card receipts.
- (3) The most we will pay in any one occurrence under this Extension for loss or damage to:
  - (a) Your patients' or "residents'" personal property, other than money and securities, at any one location or in transit is \$25,000, unless a higher per occurrence Limit of Insurance is shown in the Declarations for Property of Patients or Residents. But we will not pay more than \$5,000 for loss or damage to the property of any one patient or "resident", unless a higher per person Limit of Insurance is shown in the Declarations for Property of Patients or Residents;
  - (b) Your patients' or "residents'" money and securities is \$5000 at each described premises. But we will not pay more than \$500 for loss of money and securities of any one patient or "resident".
- (4) We will not pay for loss or damage in any one occurrence under this Extension until the amount of loss or damage exceeds \$250. We will then pay the amount of loss or damage in excess of \$250, up to the applicable Limit of Insurance under this Extension. No other Deductible applies to this Extension.
- (5) Under this Extension, the value of your patients' or "residents'" money and securities will be calculated as the smaller of the following:

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92



Deleted: 5

Deleted: 92

- (a) The cost to replace the money or securities at the time of loss; or
- (b) The actual cash value of the money or securities at the time of loss.

However, at your option, the cost of replacing securities may be calculated using the market value of the securities at the time the claim is settled.

**d. Data Restoration Expense**

- (1) The insurance provided by this Coverage Form is extended to apply to your costs to research, replace or restore the lost data on lost or damaged media used in your data processing operations, for which duplicates do not exist.
- (2) This Extension applies only to loss or damage occurring at or within 1000 feet of the described premises or in the due course of transit, and only if the loss or damage is caused by a Covered Cause of Loss.
- (3) The most we will pay in any one occurrence under this Extension for your costs to research, replace or restore the lost data on lost or damaged media at or within 1000 feet of each described premises, or in transit, is \$25,000 unless a higher Limit of Insurance is shown in the Declarations for Data Restoration Expense.

**e. Property Off-Premises**

The insurance provided by this Coverage Form is extended to apply to loss of or damage to Covered Property that is temporarily at a location you do not own, lease or operate. This Extension applies only if loss or damage is caused by a Covered Cause of Loss. This Extension does not apply to Covered Property in the due course of transit.

The most we will pay for loss or damage in any one occurrence under this Extension is 20% of the Covered Property Limit of Insurance shown in the Declarations or \$500,000, whichever is less.

**f. Property In Transit**

- (1) The insurance provided by this Coverage Form is extended to apply to:
  - (a) Loss of or damage to Covered Property in the due course of transit; and
  - (b) The actual loss of "business income" you sustain and necessary "extra expense" you incur during

the "period of restoration" due to direct physical loss or damage to Covered Property in the due course of transit.

- (2) Insurance under this Extension applies only if the loss or damage to Covered Property in the due course of transit is caused by a Covered Cause of Loss. Insurance under this Extension does not apply to loss of or damage to:
  - (a) Property while waterborne, except in regular ferry operations in the course of being moved by other means of transportation;
  - (b) Property shipped by mail, except by registered mail;
  - (c) Export shipments once:
    - (i) Loaded on board the export conveyance; or
    - (ii) Under the protection of marine insurance;
 whichever occurs first;
  - (d) Import shipments while under the protection of marine insurance; or
  - (e) Vehicles or self propelled machines unless in the due course of transit in or on another transporting conveyance.

- (3) The most we will pay in any one occurrence under this Extension for:

- (a) Loss of or damage to Covered Property in the due course of transit is \$25,000, unless a higher Limit of Insurance is shown in the Declarations for Property In Transit - Direct Damage.
- (b) Loss of "business income" and "extra expense" is \$25,000, unless a higher Limit of Insurance is shown in the Declarations for Property In Transit - Business Income and Extra Expense. No Deductible applies to this coverage for loss of "business income" and "extra expense".

**g. Outdoor Trees, Shrubs and Plants**

The insurance provided by this Coverage Form, including debris removal expense, is extended to apply to loss of or damage to your outdoor trees, shrubs and plants at the described premises. This Extension applies only to loss or damage caused by or resulting from any of the following causes of loss:

- (1) Fire or Lightning;

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92

- (2) Explosion;
  - (3) Riot or civil commotion;
  - (4) Aircraft or vehicles;
  - (5) Vandalism;
  - (6) Sonic shock waves; or
  - (7) Falling objects;
- but only to the extent that they are Covered Causes of Loss; or
- (8) Collapse of a building if the collapse is itself caused by a Covered Cause of Loss listed above.

The most we will pay for loss or damage in any one occurrence under this Extension is \$10,000, but not more than \$1,000 for any one tree, shrub or plant.

#### h. Emergency Vacating Expenses

- (1) The insurance provided by this Coverage Form is extended to apply to the reasonable expenses that you incur in the "emergency" vacating of the health or personal care facility premises described in the Declarations.
- (2) By "emergency" we mean imminent danger arising from an external event or a condition in the health or personal care facility which would cause loss of life or harm to your patients or "residents",
- (3) We will not pay for any expenses under this Extension arising out of:
  - (a) A strike, bomb threat or false fire alarm, unless vacating is ordered by a civil authority;
  - (b) A planned vacating drill; or
  - (c) The vacating of one or more patients or "residents" that is due and confined to their individual medical condition;
  - (d) Any of the following to the extent these causes of loss are excluded in Section B. of this Coverage Form.
    - (i) Governmental Action;
    - (ii) Nuclear Hazard; and
    - (iii) War and Military Action.

No other exclusions in your policy apply to this Extension.

- (4) The most we will pay for Emergency Vacating Expenses in any one occur-

rence under this Extension is \$50,000, unless a higher Limit of Insurance is shown in the Declarations for Emergency Vacating Expenses.

- (5) We will not pay for Emergency Vacating Expenses in any one occurrence until the amount of Emergency Vacating Expenses exceeds \$250. We will then pay the amount of Emergency Vacating Expenses in excess of \$250 up to the Limit of Insurance for this Extension. No other Deductible applies to this Extension.

#### i. Miscellaneous Dependent Property Locations

The insurance provided under the Business Income and Extra Expense Additional Coverage is extended to apply to the actual loss of "business income" you sustain and necessary "extra expense" you incur during the "period of restoration" due to direct physical loss or damage to property at the premises of a "dependent property" not described in the Declarations, caused by or resulting from a Covered Cause of Loss.

The most we will pay under this Extension for loss or expense arising from any one occurrence at the premises of any one "dependent property" is \$10,000, unless a higher Limit of Insurance is shown in the Declarations for Miscellaneous Dependent Property Locations. No Deductible applies to this Extension.

**j. Automatic Fire Suppression System Recharge Expense**

The insurance provided by this Coverage Form is extended to apply to the automatic fire suppression system recharge expense you incur due to the leakage or discharge of the fire suppressant within any automatic fire suppression system at the described premises.

Insurance under this Extension applies only if the leakage or discharge is caused by or results from a Covered Cause of Loss.

The most we will pay for your automatic fire suppression system recharge expense in any one occurrence under this Extension is \$5,000. No deductible applies to this Extension.

**k. Cost of Preparing a Statement of Loss**

The insurance provided by this Coverage Form is extended to apply to the cost of preparing a statement of loss or any other exhibits required in connection with any claim covered under this policy.

The most we will pay for the cost of preparing a statement of loss or other exhibits is \$5,000 for any one claim.

No Deductible applies to this Extension.

The amount recoverable under each of these Extensions is additional insurance and shall apply as excess insurance over any other applicable coverage or Coverage Extension in this or any other Coverage Form or endorsement made a part of this policy.

**B. EXCLUSIONS AND LIMITATIONS****1. Exclusions**

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

**(1) Ordinance or Law**

The enforcement of any ordinance or law:

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

**(2) Earth Movement**

- (a) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire, explosion or theft results, we will pay for that resulting loss or damage.

- (b) Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, we will pay for that resulting loss or damage.

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

- (i) Airborne volcanic blast or airborne shock waves;
- (ii) Ash, dust or particulate matter; or
- (iii) Lava flow.

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

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

This exclusion does not apply to property in the due course of transit, or in the custody of salesmen.

**(3) Governmental Action**

Seizure or destruction of property by order of governmental authority.

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

**(4) Nuclear Hazard**

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

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

**(5) Off-Premises Services**

The failure of power or other utility service supplied to any premises, however caused, if the failure occurs away from the premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

**(6) War and Military Action**

(a) War, including undeclared or civil war;

(b) 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

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

**(7) Water**

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

(b) Mudslide or mudflow;

(c) Water that backs up from a sewer or drain; or

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

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

(ii) Basements, whether paved or not; or

(iii) Doors, windows or other openings.

But if loss or damage by fire, explosion, sprinkler leakage or theft results, we will pay for that resulting loss or damage. We will also pay for resulting loss or damage by Equipment Breakdown if it is a Covered Cause of Loss.

This exclusion does not apply to property in the due course of transit or in the custody of salesmen, or to the Limited Water Damage Additional Coverage.

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

(1) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires, except to the extent such loss or damage is covered when Equipment Breakdown is a Covered Cause of Loss.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

(2) Delay, loss of use, loss of market, or, except as specifically provided, consequential loss of any nature.

(3) Smoke, vapor or gas from agricultural smudging or industrial operations.

But we will pay for resulting loss or damage by Equipment Breakdown if it is a Covered Cause of Loss.

(4) (a) Wear and tear;

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

(c) Smog;

(d) Settling, cracking, shrinking, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings;

(e) Insects, birds, rodents or other animals;

(f) Mechanical breakdown, including rupture or bursting caused by centrifugal force, except to the extent such loss or damage is covered when Equipment Breakdown is a Covered Cause of Loss; or

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

(i) Dampness or dryness of atmosphere;

(ii) Changes in or extremes of temperature; or

(iii) Marring or scratching.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

(5) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control, except to the extent such loss or damage is covered when

Equipment Breakdown is a Covered Cause of Loss.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from 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.

- (6) Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

But we will pay for resulting loss or damage by Equipment Breakdown if it is a Covered Cause of Loss.

- (7) 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:

- (a) You do your best to maintain heat in the building or structure; or
- (b) You drain the equipment and shut off the supply if the heat is not maintained.

- (8) Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose (other than a carrier or other bailee for hire):

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

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

- (9) 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.
- (10) Rain, snow, ice or sleet to personal property in the open, other than property in the custody of carriers for hire.
- (11) Collapse, except as provided below in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

- (12) Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "Specified Causes of Loss". But if loss or damage by the "Specified Causes of Loss" results, we will pay for the resulting loss or damage caused by the "Specified Causes of Loss".

- c. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

- (1) Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in section B.1.a. of this Coverage Form to produce the loss or damage.

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

- (3) Faulty, inadequate or defective:

- (a) Planning, zoning, development, surveying, siting;

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

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

- (d) Maintenance;

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

- d. The following additional exclusions apply only to the insurance provided under this Coverage Part for loss of "business income" and "extra expense", We will not pay for:

- (1) Any loss caused by or resulting from:

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

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

This exclusion does not apply to "extra expense".

- (2) Any loss caused by or resulting from loss of or damage to data contained on media used in electronic data processing operations due to programming errors or faulty machine instructions.

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

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

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of operations, we will cover such loss that affects your "business income" during the "period of restoration".

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

(5) Any other consequential loss.

## 2. Limitations

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

(1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment, except to the extent such loss or damage is covered when Equipment Breakdown is a Covered Cause of Loss.

But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

(2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion, except to the extent such loss or damage is covered when Equipment Breakdown is a Covered Cause of Loss.

(3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. But this does not apply to property in the custody of carriers or other bailees for hire.

(4) Property that has been transferred to a person or to a place outside the de-

scribed premises on the basis of unauthorized instructions.

(5) Fences, bridges, walks, roadways, patios or other paved surfaces, outdoor swimming pools and related equipment, retaining walls, bulkheads, piers, wharves or docks caused by or resulting from:

(a) Freezing or thawing;

(b) The pressure or weight of ice or water, whether driven by wind or not; or

(c) Watercraft.

(6) Outdoor radio or television antennas, including their lead-in wiring, masts or towers, caused by or resulting from snow, ice, sleet, windstorm or hail.

(7) Property in an unattended vehicle caused by or resulting from theft or attempted theft.

This Limitation does not apply to property:

(a) Contained in a fully enclosed and securely locked body or compartment of a vehicle if the theft is by forcible entry, evidenced by visible marks upon the body or compartment; or

(b) In the custody of carriers for hire.

b. We will not pay for loss of or damage to the following types of property unless caused by the "Specified Causes of Loss" or building glass breakage:

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

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

(b) Containers of property held for sale; or

(c) Photographic or scientific instrument lenses.

(2) Builders' machinery, tools, and equipment you own or that are entrusted to you, while away from the premises described in the Declarations.

c. For loss or damage by theft, the following types of property are covered only up to the limits shown:



Deleted: 5

Deleted: 92

- (1) \$5,000 for furs, fur garments and garments trimmed with fur. But we will not pay more than \$2,500 for any one article of this type of property.
- (2) \$25,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. But we will not pay more than \$5,000 for any one article of this type of property.

The \$25,000 limitation on this property does not apply to jewelry and watches worth \$100 or less per item.

- (3) \$5,000 for patterns, dies, molds and forms.
- (4) \$1,000 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

**C. LIMITS OF INSURANCE**

- 1. The most we will pay for loss or damage to Covered Property in any one occurrence is the Covered Property Limit of Insurance shown in the Declarations.
- 2. Payments under the Business Income and Extra Expense Additional Coverage are included in, and will not increase, the Covered Property Limit of Insurance, unless a separate Limit of Insurance is shown in the Declarations for Business Income and Extra Expense.

When a separate Limit of Insurance is shown in the Declarations for Business Income and Extra Expense, the most we will pay for loss and expense in any one occurrence under the Business Income and Extra Expense Additional Coverage is the Business Income and Extra Expense Limit of Insurance shown. This limit is in addition to the Covered Property Limit of Insurance.

- 3. Payments under the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.
- 4. Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:
  - a. Preservation of Property;
  - b. Collapse;
  - c. Limited Water Damage;
  - d. Water, Other Liquids, Powder or Molten Material Damage;
  - e. Spoilage;

- f. Fine Arts - Additional Covered Causes of Loss; or
- g. Debris Removal; but if:
  - (1) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
  - (2) The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

**D. DEDUCTIBLE**

Except as otherwise specifically stated in the description of any coverage provided under this Coverage Part, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

If more than one deductible applies to loss or damage in any one occurrence under this Coverage Part, we will apply each deductible separately. But the total of all deductible amounts applied will not exceed the single highest deductible.

**E. ADDITIONAL CONDITIONS**

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

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

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

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

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92



Deleted: 5

Deleted: 92

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

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

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- (5) Make no statement that will assume any obligation or admit any liability, for any loss for which we may be liable, without our consent.
- (6) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (7) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
  
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (8) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (9) Cooperate with us in the investigation or settlement of the claim.

(10) If you have a covered "business income" or "extra expense" loss and 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. Loss Payment**

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

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property;
- (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.

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

c. If we take any property that is branded or labeled merchandise, you may, at your own expense:

- (1) Stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.

d. We will not pay you more than your financial interest in the lost or damaged property to which this insurance applies.

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

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

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92



Deleted: 5

Deleted: 92

- (1) You have complied with all of the terms of this Coverage Part; and
- (2) (a) We have reached agreement with you on the amount of loss; or
- (b) An appraisal award has been made.

**5. Mortgage Holders**

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
  - (1) Pays any premium under this Coverage Part at our request if you have failed to do so;
  - (2) Submits a signed, sworn statement 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 mortgage holder.

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

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part;
  - (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder 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 mortgage holder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your non-payment 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 mortgage holder at least 10 days before the expiration date of this policy.

**6. Recovered Property**

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

**7. Suspension of Equipment Breakdown Coverage**

- a. If:
  - (1) Equipment Breakdown is a Covered Cause of Loss; and
  - (2) Any equipment to which the Equipment Breakdown Cause of Loss applies is found to be in, or exposed to, a dangerous condition;
 we may immediately suspend the insurance provided for loss caused by a sudden and accidental breakdown of that equipment under the Equipment Breakdown Cause of Loss.
- b. The suspension can be done by delivering or mailing a notice of the suspension to:
  - (1) Your last known address; or
  - (2) The address where the equipment is located.
- c. Once suspended, such insurance can only be reinstated by a written endorsement issued by us.
- d. If we suspend your insurance, you will get a pro rata refund of premium for the suspended insurance. But the suspension will be effective even if we have not yet made or offered a refund.

**8. Vacancy**

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92



Deleted: 5

Deleted: 92

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

a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (1) Vandalism;
- (2) Sprinkler leakage caused by or resulting from freezing unless you have protected the system against freezing;
- (3) Building glass breakage;
- (4) Water damage;
- (5) Theft; or
- (6) Attempted theft.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%. But this provision does not apply to the following causes of loss:

- (1) Windstorm or hail;
- (2) Aircraft or vehicles;
- (3) Falling objects;
- (4) Sonic shock waves;
- (5) Weight of ice, snow or sleet;
- (6) Equipment Breakdown;
- (7) Earthquake; or
- (8) Flood;

if they are Covered Causes of Loss; or

- (9) Collapse of a building, if the collapse is itself caused by a Covered Cause of Loss listed above.

A building is vacant when it does not contain enough personal property to conduct customary operations. Buildings under construction are not considered vacant.

### 9. Valuation of Property

In the event of loss or damage, the value of property to which this insurance applies will be determined as follows:

a. All property, except as provided in b. through h. below, at 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 cost to repair the lost or damaged property with property of comparable material or quality;

(c) The cost to replace, on the same premises, the lost or damaged property with other property:

- (i) Of comparable material and quality; and
- (ii) Used for the same purpose; or

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

(2) 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.

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

b. The following property at actual cash value:

- (1) Contents of a residence;
- (2) Manuscripts; or
- (3) "Fine arts".

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

d. "Finished stock" you manufacture at the price the goods could have been sold on the day of the loss had no loss occurred, less discounts and expenses you otherwise would have had.

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

f. Tenant's Improvements and Betterments at:

(1) Replacement Cost of the lost or damaged property if you repair or replace promptly, subject to the provisions of paragraph a. above.

(2) A proportion of your original cost if you do not repair or replace promptly. We

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92



Deleted: 5

Deleted: 92

will determine the proportionate value as follows:

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

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

- (3) Nothing if others pay for repairs or replacement.
- g. Valuable Papers and Records, including those which exist on media (other than pre-packaged software programs), at the cost of:
  - (1) Blank materials for reproducing the records; and
  - (2) Labor to transcribe or copy the records when there is a duplicate.

In addition, coverage for costs to research, replace or restore lost data on lost or damaged media used in data processing operations for which duplicates do not exist is provided under the Data Restoration Expense Coverage Extension.

- h. Property in the due course of transit at the amount of invoice, including any prepaid or advanced freight, as well as any costs or charges which have accrued or become legally due since the shipment commenced. In the absence of an invoice, the property will be valued at its actual cash market value at the point of destination on the date of the loss, less any charges saved which would have been due and payable upon delivery at the destination.

### 10. Valuation - Loss of Business Income and Extra Expense

- a. The amount of "business income" loss will be determined based on:
  - (1) The Net Income of the business before the direct physical loss or damage occurred;
  - (2) The likely Net Income of the business if no loss or damage occurred;
  - (3) The operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the direct physical loss or damage; and
  - (4) Other relevant sources of information, including:
    - (a) Your financial records and accounting procedures;
    - (b) Bills, invoices and other vouchers; and
    - (c) Deeds, liens or contracts.
- b. The amount of "extra expense" will be determined based on:
  - (1) All expenses that exceed the normal operating expenses that would have been incurred by operations during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
    - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once operations are resumed; and
    - (b) Any "extra expense" that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
  - (2) All necessary expenses that reduce the "business income" or "extra expense" loss that otherwise would have been incurred.
- c. We will reduce the amount of your "business income" loss, to the extent you can resume your operations, in whole or in part, by:
  - (1) Using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92

when the "business income" loss is due to loss or damage to property other than "dependent property".

(2) Using any other available:

- (a) Source of materials or services; or
- (b) Outlet for your products or services;

when the "business income" loss is due to loss or damage to "dependent property".

- d. We will reduce the amount of your "extra expense" loss to the extent you can return operations to normal and discontinue such "extra expense".

**F. OPTIONAL COVERAGES**

The Optional Coverages in this section apply only when indicated in the Declarations, and then only with respect to the property and locations designated for such coverage.

**1. Actual Cash Value**

When the Actual Cash Value option applies, Actual Cash Value replaces Replacement Cost in paragraphs a. and f.(1) of Additional Condition 9. Valuation of Property.

**2. Earthquake and Volcanic Eruption**

- a. When the Earthquake and Volcanic Eruption option applies, Covered Causes of Loss also means the following:

- (1) Earthquake.
- (2) Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

**b. Exclusions**

For this optional cause of loss only, the following changes apply:

- (1) Exclusion B.1.a.(2) Earth Movement, does not apply.
- (2) Exclusions B.1.a.(3) Governmental Action, and B.1.a.(4) Nuclear Hazard, are replaced by the following:

**(3) Governmental Action**

Seizure or destruction of property by order of governmental authority.

**(4) Nuclear Hazard**

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

- (3) We will not pay for loss or damage caused by or resulting from:

- (a) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But this exclusion does not apply to any loss or damage that would be a covered Equipment Breakdown loss under this Coverage Part if the exclusion of earthquake and volcanic eruption did not apply.

- (b) Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an Earthquake or Volcanic Eruption.
- (c) Any Earthquake or Volcanic Eruption that begins before the inception of this insurance.

**c. Limitation**

We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying the Deductible applicable to this form.

This limitation does not apply if:

- (1) The premises description in the Declarations specifically states "Including Masonry Veneer"; or
- (2) Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).

**d. Limit of Insurance**

The most we will pay for loss or damage under this optional cause of loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations for Earthquake and Volcanic Eruption. This Limit of Insurance is part of, and not in addition to, any other applicable Limit of Insurance.

The most we will pay for loss or damage under this optional cause of loss in any one policy year is the Aggregate Limit of Insurance shown in the Declarations for Earthquake and Volcanic Eruption.



**e. Deductible**

(1) For all coverages except the insurance provided for loss of "business income" and "extra expense", the Deductible, if any, is replaced by the following with respect to Earthquake and Volcanic Eruption:

(a) When the Deductible for Earthquake and Volcanic Eruption is shown as a dollar amount in the Declarations, we will not pay for loss or damage under this optional cause of loss in any one occurrence until the amount of loss or damage exceeds the Deductible amount shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Earthquake and Volcanic Eruption Limit of Insurance.

This Deductible does not apply to property in transit or in the custody of a salesman.

(b) When the Deductible for Earthquake and Volcanic Eruption is shown as a percentage in the Declarations, we will subtract a sum from the amount of loss or damage in any one occurrence.

The sum we subtract from each separate item will be a percentage of its value. The applicable percentage is shown in the Declarations.

This Deductible applies separately to each building or structure, the contents of each building or structure, and personal property in the open. But this Deductible does not apply to property in transit or in the custody of a salesman.

Example:

When:

The value of the property is	\$100,000
The Earthquake Deductible is	5%
The amount of loss is	\$ 20,000

Step (a):

$\$100,000 \times 5\% = \$5,000$

Step (b):

$\$ 20,000 - \$5,000 = \$15,000$

The most we will pay is \$15,000. The remaining \$5,000 is not covered because of the Deductible.

(2) The following is applicable only to the insurance provided for loss of "business income" and "extra expense":

For buildings over 4 stories in height we will only pay for loss or expense you sustain after the first 168 hours after direct physical loss or damage caused by or resulting from Earthquake or Volcanic Eruption.

**3. Flood and Water Damage**

a. When the Flood option applies, Covered Causes of Loss also means:

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

(2) Mudslide or mudflow;

(3) Water that backs up from a sewer or drain; or

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

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

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

All loss or damage from Flood or Water Damage that occurs over a continuous or protracted period will constitute a single Flood or Water Damage loss.

**b. Exclusions**

For this optional cause of loss only, the following changes apply:

(1) Exclusions **B.1.a.(3)** Governmental Action, and **B.1.a.(4)** Nuclear Hazard, are replaced by the following:

**(3) Governmental Action**

Seizure or destruction of property by order of governmental authority.

**(4) Nuclear Hazard**

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

**(2) Exclusion B.1.a.(7)** Water, does not apply.

**(3)** We will not pay for loss or damage caused by or resulting from:

**(a)** Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

**(b)** Fire or explosion, even if attributable to the Flood or Water Damage.

**(c)** Any Flood or Water Damage that begins before the inception of this insurance.

**c. Limit of Insurance**

The most we will pay for loss or damage under this optional cause of loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations for Flood and Water Damage. This Limit of Insurance is part of, and not in addition to, any other applicable Limit of Insurance.

The most we will pay for loss or damage under this optional cause of loss in any one policy year is the Aggregate Limit of Insurance shown in the Declarations for Flood and Water Damage.

**d. Deductible**

For all coverages, the Deductible, if any, is replaced by the following with respect to Flood and Water Damage:

We will not pay for loss or damage under this optional cause of loss in any one occurrence until the amount of loss or damage exceeds the Deductible amount shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Flood and Water Damage Limit of Insurance.

This Deductible does not apply to property in transit or in the custody of a salesman.

**G. DEFINITIONS**

**1. "Business Income"** means the:

**a.** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

**b.** Continuing normal operating expenses incurred, including payroll.

**2. "Dependent Property"** means property operated by others on whom you depend to:

**a.** Deliver materials or services to you, or to others for your account. With respect to services delivered to you, services do not mean water, communication or power supply services;

**b.** Accept your products or services;

**c.** Manufacture products for delivery to your customers under contract of sale; or

**d.** Attract customers to your business.

**3. "Extra Expense"** means necessary expenses you incur that you would not have incurred if there had been no direct physical loss or damage to property:

**a.** To avoid or minimize the suspension of business and to continue operations:

**(1)** At the premises where the loss or damage to property occurs; or

**(2)** At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations;

**b.** To minimize the suspension of business if you cannot continue operations;

**c.** To expedite the repair or replacement of the damaged property, including the costs of overtime and express or other rapid means of transportation; or

**d.** To the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Part:

**(1)** To repair or replace any property; or

**(2)** To research, replace or restore the lost information on damaged valuable papers and records.

**4. "Fine Arts"** means works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.

**5. "Finished Stock"** means stock you have manufactured. But "finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

**6. "Period of Restoration"**

**a.** "Period of restoration" means the period of time that begins with the date of direct physical loss or damage caused by or re-

sulting from a Covered Cause of Loss, and ends on the earlier of the following dates:

- (1) The date you restore your business to the condition that would have existed if no direct physical loss or damage occurred; or
  - (2) (a) 60 days after the date when property should be repaired, rebuilt or replaced with reasonable speed and similar quality if you plan to resume operations; or  
(b) The date when property should be repaired, rebuilt or replaced with reasonable speed and similar quality if you do not plan to resume operations.
- b. "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
- (1) Regulates the construction, use 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".
- c. If damage involved was to a building being built or altered, you can choose to have the "period of restoration" start on the date you would have begun operations in the building instead of on the date of damage. The length of time described in paragraph a. above will apply no matter when the "period of restoration" begins.
- d. The expiration of this policy will not cut short the "period of restoration".
7. "**Pollutants**" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
8. "**Residents**" means persons residing in, and receiving the care services provided by, your facility. "Residents" do not include you, your partners, employees, directors or trustees, or physicians serving a residency.
9. "**Specified Causes of Loss**" means the following:
- Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles and objects thrown up by 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; elevator collision; sonic shock waves; collapse of a building; all only as insured against in this Coverage Part.
- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
  - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
  - d. While property is in the due course of transit, "Specified Causes of Loss" also means the following:
    - (1) Vehicle collision, upset or overturn. Collision means the violent and accidental contact of the vehicle conveying the Covered Property with any other vehicle or object. It does not include loss or damage caused by contact of the vehicle with any portion of the roadbed;
    - (2) Sinking or stranding of a vessel, or collapse of a bridge, culvert, dock or wharf; and
    - (3) Theft of property contained in a fully enclosed and securely locked body or compartment of a vehicle, provided the theft is by forcible entry evidenced by visible marks upon the body or compartment.
  - e. When any of the following is a Covered Cause of Loss, "Specified Causes of Loss" also includes such cause of loss, but only as insured against in this Coverage Part:
    - (1) Equipment Breakdown;
    - (2) Earthquake and Volcanic Action;
    - (3) Flood and Water Damage.



10. "Stock" means merchandise held in storage or for sale, or sold but not delivered, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

SCP00504  
(Ed. 3/07)

Deleted: 5

Deleted: 92

Deleted: Copyright, The Continental Corporation, 1992  
Includes Copyright material of the Insurance Services Office used with its permission.¶

SCP00504  
(Ed. 3/07)

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

Page 26 of 26

Deleted: 26

Deleted: 25

Deleted: 5

Deleted: 92



40 Wall Street – 9<sup>th</sup> Floor  
New York, New York 10005

**Mr. Micaah Morris**

Regulatory Filings Technician  
P & C State Filing Unit  
CNA Global Specialty Lines

November 20, 2007

Telephone 212-440-2319  
Facsimile 212-440-2877  
Toll Free 877-269-3277 x 2319  
Internet micaah.morris@cna.com

ARKANSAS INSURANCE DEPARTMENT  
PROPERTY & CASUALTY DIVISION  
1200 W 3RD ST  
LITTLE ROCK AR 72201-1904

RE: Continental Casualty Company NAIC #: 20443 FEIN #: 36-2114545  
American Casualty Company of Reading, PA NAIC #: 20427 FEIN #: 23-0342560  
National Fire Insurance Company of Hartford NAIC #: 20478 FEIN #: 06-0464510  
Continental Insurance Company NAIC #: 35289 FEIN #: 13-5010440  
Transportation Insurance Company NAIC #: 20494 FEIN #: 36-1877247  
Valley Forge Insurance Company NAIC #: 20508 FEIN #: 23-1620527  
CNA HealthPro - Long Term Care Program  
*Health and Personal Care Facilities – Building and Personal Property Coverage Form*  
Forms and Rule Filing  
Company Filing No.: 07-2187FR

Honorable Director:

The CNA Insurance Group of Companies submits on behalf of the above named companies its revised form for use with our Long Term Care Program currently on file with your department.

Attached for your review:

Filing Memorandum

Copy of Form

Copy of the country wide rule pages.

We propose that this filing become effective for all policies, effective April 1, 2008, or the earliest date permitted by your state.

Very truly yours,

*Micaah Morris*

Micaah Morris  
Regulatory Filings Technician

**CNA HealthPro - Long Term Care  
Rate, Rule and Form Addition  
Overview of Revision**

The intent of this filing is to amend our Health and Personal Care Facilities SCP00504 form as follows:

- Amend current language in our form pertaining to ‘Emergency Vacating Expense’ allowing optional higher limits above our filed \$50,000 Limit.
- Amend current language for Debris removal coverage limit from 25% to 35%.
- Amend current limitations pertaining to renovations and repairs from the current limits of \$1,000,000 to allow higher optional limits depending upon the request and/or need of our clients.
- Amend current language pertaining to Fire Department Service Charge from \$15,000 allowing higher limits
- Introduce a new coverage for Disease Contamination with automatic \$5,000 Limits and options for increased limits depending upon the needs of our clients. This coverage provides Business Income and Extra Expense caused by Disease Contamination.

Through our research we have found that many of our peer carriers now offer these similar coverages for the Nursing Home Industry. Thus we have found that CNA HealthPro – Long Term Care cannot be competitive with our peers when an Insured elects to purchase additional limits

We have attached two copies of the SCP00540 form. One version notes the above changes in red. The other is a clean copy for your records.

**C/W Rules and Rate Pages**

Final printed Rule pages 5 & 12 have been updated to reflect the new limit options.

Since these proposed changes are new options there is no rate impact to existing policyholders.