

SERFF Tracking Number: PHLX-125295383 State: Arkansas
 Filing Company: Philadelphia Indemnity Insurance Company State Tracking Number: AR-PC-07-026121
 Company Tracking Number: ML AR0030402F01
 TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package
 Portion Only
 Product Name: UltimateCover
 Project Name/Number: UltimateCover/ML AR0030402F01

Filing at a Glance

Company: Philadelphia Indemnity Insurance Company

Product Name: UltimateCover SERFF Tr Num: PHLX-125295383 State: Arkansas
 TOI: 05.1 Commercial Multi-Peril - Non-Liability SERFF Status: Closed State Tr Num: AR-PC-07-026121
 Portion Only
 Sub-TOI: 05.1003 Commercial Package Co Tr Num: ML AR0030402F01 State Status:
 Filing Type: Rule Co Status: Reviewer(s): Betty Montesi,

Effective Date Requested (New): 11/01/2007

Effective Date Requested (Renewal):

Author: SPI PhiladelphiaIndemnity

Date Submitted: 09/18/2007

Disposition Date: 09/26/2007

Disposition Status: Approved

Effective Date (New): 11/01/2007

Effective Date (Renewal):

11/01/2007

General Information

Project Name: UltimateCover

Project Number: ML AR0030402F01

Reference Organization:

Reference Title:

Filing Status Changed: 09/26/2007

State Status Changed: 09/18/2007

Corresponding Filing Tracking Number:

Filing Description:

Philadelphia Indemnity Insurance Company is introducing a property coverage form and endorsements which we plan to use with independent Ultimate Cover Product for risks with volunteer firefighting, ambulance and rescue related exposures. The currently filed Ultimate Cover Property Coverage Form PI-ULT-007 and Causes of Loss Form PI-ULT-008 will not be used as they have been revised specifically for the Volunteer Fire Department Program, under form numbers PI-ULT-007VF (04/07) and PI-ULT-008VF (04/07). The revisions are enhancements to the PI-ULT-007 Ultimate Cover Property Form and to PI-ULT-008 Ultimate Cover Causes of Loss Form and not reductions in coverage. A copy of these forms with underlined text for new wording, brackets for deleted wording and a revision bar

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

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to indicate sections that are revised are also enclosed for your review. (Please note our Ultimate Cover program is filed to use current ISO amendatory endorsements and these will continue to be used with these new forms so that required state provisions are met).

This filing also contains new endorsements for use with the above forms.

1. Volunteer Fire Department Property Coverage Form PI-ULT-007 VF (04/07) affords coverage for the insured's business personal property and/or buildings.
2. Volunteer Fire Department Causes of Loss Form PI-ULT-008 VF (04/07) is a mandatory endorsement that excludes or limits certain causes of loss.
3. Volunteer Fire Department Guaranteed Replacement Cost - Business Personal Property PI-ULT-115 (04/07) is an optional endorsement that provides coverage for business personal property on a guaranteed replacement cost basis.
4. Volunteer Fire Department Loss Payable Provisions PI-ULT-116 (04/07) is an optional endorsement that contains loss payment terms in cases where both the insured and loss payee shown in the schedule have an insurable interest in the property.
5. Volunteer Fire Department Scheduled Property PI-ULT-118 (04/07) is an optional endorsement that provides coverage for property described in the schedule while it is located anywhere in the world, except those causes of loss listed in the exclusion section of the endorsement.
6. Volunteer Fire Department Guaranteed Replacement Cost - Building PI-ULT-119 (04/07) is an optional endorsement that provides coverage for building on a guaranteed replacement cost basis.
7. Volunteer Fire Department Boiler and Machinery Endorsement PI-ULT-120 (04/07) is an optional endorsement that affords coverage for the insured's property that sustains damage resulting from a mechanical or electrical breakdown.

Company and Contact

Filing Contact Information

Kevin O'Brien, Compliance Manager kobrien@phlyins.com
One Bala Plaza (610) 617-7752 [Phone]
Bala Cynwyd, PA 19004 (866) 282-7495[FAX]

Filing Company Information

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Philadelphia Indemnity Insurance Company CoCode: 18058 State of Domicile: Pennsylvania
One Bala Plaza Group Code: 677 Company Type:
Suite 100
Bala Cynwyd, PA 19004 Group Name: Philadelphia Insurance Companies State ID Number:
(610) 617-7900 ext. [Phone] FEIN Number: 231738402

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Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation:
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
42132	\$50.00	09/12/2007

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	09/26/2007	09/26/2007

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Llyweyia Rawlins	09/24/2007	09/24/2007	SPI Philadelphialndem nity	09/24/2007	09/24/2007

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Item Type	Item Name	Item Status	Public Access
Supporting Document	AR - NAIC P&C TRANSMITTAL DOCUMENT, AR - FORM FILING ABSTRACT F-1, AR - NAIC FORM FILING SCHEDULE, ULT-007 compare, ULT-008 compare	Approved	Yes
Form	Volunteer Fire Department Property Coverage Form	Approved	Yes
Form	Volunteer Fire Department Causes of Loss Form	Approved	Yes
Form	Volunteer Fire Department Guaranteed Replacement Cost - Business Personal Property	Approved	Yes
Form	Volunteer Fire Department Loss Payable Provisions	Approved	Yes
Form	Volunteer Fire Department Scheduled Property	Approved	Yes
Form	Volunteer Fire Department Guaranteed Replacement Cost - Building	Approved	Yes
Form	Volunteer Fire Department Boiler and Machinery Endorsement	Approved	Yes
Form	Arkansas Changes	Approved	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 09/24/2007
Submitted Date 09/24/2007
Respond By Date 10/09/2007

Dear Kevin O'Brien,

The appraisal clause(s) found in this filing should be amended to comply with Ark. Code Ann. 23- 79-203 and Arkansas Bulletin No. 19-89. The clause(s) must specifically state it is non-binding and voluntary.

Please feel free to contact me if you have questions.

Llyweyia Rawlins
Certified Rate and Form Analyst
Property and Casualty Division
501-371-2809 Fax 501-371-2748
Email: Llyweyia.rawlins@arkansas.gov

Sincerely,
Llyweyia Rawlins

Response Letter

Response Letter Status Submitted to State
Response Letter Date 09/24/2007
Submitted Date 09/24/2007

Dear Llyweyia Rawlins,

Comments:
response to objection

Response 1

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Comments: We use ISO's IL 01 63 which amends appraisal for our Ultimate Cover program. Your further consideration will be appreciated.

Changed Items:

No Supporting Documents changed.

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Arkansas Changes	IL 01 63	09 07	Other	New		0	IL 01 63.PDF

No Rate/Rule Schedule items changed.

Sincerely,
SPI PhiladelphiaIndemnity

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type	Action	Action Specific Data	Readability	Attachment
Approved	Volunteer Fire Department Property Coverage Form	PI-ULT-007 VF	04/07	Other	New		0.00	PI-ULT-007 VF.PDF
Approved	Volunteer Fire Department Causes of Loss Form	PI-ULT-008 VF	04/07	Other	New		0.00	PI-ULT-008 VF.PDF
Approved	Volunteer Fire Department Guaranteed Replacement Cost - Business Personal Property	PI-ULT-115	04/07	Other	New		0.00	PI-ULT-115.PDF
Approved	Volunteer Fire Department Loss Payable Provisions	PI-ULT-116	04/07	Other	New		0.00	PI-ULT-116.PDF
Approved	Volunteer Fire Department Scheduled Property	PI-ULT-118	04/07	Other	New		0.00	PI-ULT-118.PDF
Approved	Volunteer Fire Department Guaranteed Replacement Cost - Building	PI-ULT-119	04/07	Other	New		0.00	PI-ULT-119.PDF
Approved	Volunteer Fire Department Boiler and Machinery	PI-ULT-120	04/07	Other	New		0.00	PI-ULT-120.PDF

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Endorsement

Approved	Arkansas	IL 01 63	09 07	Other	New	0.00	IL 01
	Changes						63.PDF

VOLUNTEER FIRE DEPARTMENT PROPERTY COVERAGE FORM

The following is a summary of Additional Coverages or Coverage Extensions that are included in the Volunteer Fire Department Property Coverage Form.

Coverage Applicable	Limit of Insurance	Page #
Additional Coverages		
Arson Reward	\$25,000	5
Brands and Labels	Included in Business Personal Property Limit	6
Claim Expenses	\$10,000	6
Computer Upgrade	Actual Loss Sustained	6
Computer Virus Extraction Expense	\$250,000	7
Consequential Damage	\$25,000	7
Contract Penalty Clause	\$25,000	7
Debris Removal	Actual Loss Sustained	8
Fines for False Alarms	\$2,500 per occurrence/ \$5,000 aggregate	8
Fire, Sprinkler or Burglar Alarm Upgrade	\$50,000	8
Pollutant Clean Up and Removal	\$25,000	8
Preservation of Property	Actual Loss Sustained	9
Recharge or Refill of Fire Protection System	Actual Loss Sustained	9
Theft Damage to Buildings	Included in Building Limit	9
Worldwide Coverage	\$25,000	9
Coverage Extensions		
Accounts Receivable	Actual Loss Sustained	10
Business Personal Property Off Premises	Up to the Business Personal Property Limit	11
Communication Towers, Antennas, Satellite Dishes and Sirens	Actual Loss Sustained	12
Excavations and Landscaping	Actual Loss Sustained	12
Fish in Aquariums	\$1,000	12
Guard Dogs and Pets	\$500 any one guard dog or pet/ \$1,000 per occurrence	13
Inflation Guard	See Declarations Page	13
Lost Key Replacement	\$2,500	14
Newly Acquired Property/ New Property in the Course of Construction	\$1,000,000 Building Limit/ \$500,000 Business Personal Property Limit	14
Ordinance or Law – Undamaged Portion Ordinance or Law – Demolition	Included in Building Limit 100% of amount paid for loss under Ordinance or Law Coverage 100% of amount paid for loss under Ordinance or Law Coverage	15
Ordinance or Law – Increased Cost of Construction		
Personal Effects	Actual Loss Sustained/\$2,000	16
Personal Effects – Spouses	\$2,000/person; \$5,000/occurrence	17
Property of Others Used in Emergencies	Actual Loss Sustained	17
Valuable Papers and Records	Actual Loss Sustained	17

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

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

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

A. Coverage

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

1. Covered Property

Covered Property, as used in this Coverage Form, means the following types of property for which a Limit of Insurance is shown in the Declarations.

a. Your Business Personal Property, and similar property of others in your care, custody or control:

- (1) Located in or on the "**buildings**" described in the Declarations;
- (2) In transit; and
- (3) Property at locations not specifically identified, including property in the care, custody or control of salespersons, property at exhibitions, trade shows and displays;

Consisting of the following:

- (a) Furniture and fixtures;
- (b) Machinery and equipment;
- (c) "**Stock**";
- (d) "**Fine Arts**"

If the total value of "**Fine Arts**" is over \$25,000 they must be listed in a schedule on file with us;

- (e) "**Computer Property**";
- (f) All other personal property owned by you and used in your business;
- (g) Labor, materials or services furnished or arranged by you on personal property of others;
- (h) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

- (i) Made a part of the "**buildings**" you occupy but do not own; and
 - (ii) You acquired or made at your expense but cannot legally remove;
 - (i) Building glass for which you have a contractual responsibility as tenant, including encasement frames, alarm tape, lettering and ornamentation;
 - (j) Signs; and
- b. "Buildings"** described in the Declarations including:
- (1) Building glass;
 - (2) Completed additions;
 - (3) Permanently installed:
 - (a) Fixtures;
 - (b) Machinery; and
 - (c) Equipment;
 - (4) Outdoor fixtures, including awnings;
 - (5) Fences;
 - (6) Personal property owned by you that is used to maintain or service the "**buildings**" or their "**premises,**" including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings;
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (e) Alarm, communication and monitoring systems;
 - (f) Tools;
 - (g) Lawn care equipment.
 - (7) If not covered by other insurance:
 - (a) Alterations and repairs within, or on the exterior of, the existing "**buildings**";
 - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described "**premises,**" or in the open (including property inside vehicles) used for making alterations, additions, or repairs to "**buildings**";

- (8) Foundations of covered "**buildings**," machinery and boilers and foundations of equipment and machinery, whether above or below ground;
- (9) Underground pipes, flues and drains;
- (10) Retaining walls that are not part of "**buildings**";
- (11) Bridges, roadways, walks, patios, parking lots and other paved surfaces, including in-ground pools;
- (12) Air cascade units that are not designed to be used off "**premises**";
- (13) All appurtenant buildings or structures.

2. Property Not Covered

Covered Property does not include:

- a. Aircraft, watercraft, or railroad rolling stock;
- b. Animals, birds or fish except as provided under the Coverage Extensions;
- c. Automobiles held for sale;
- d. Pilings, piers, wharves or docks;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. "**Money**" or "**securities**";
- g. The cost of excavations, grading, filling or backfilling, all except as provided under the Coverage Extensions;
- h. Land (including land on which the property is located), water, growing crops, or standing timber;
- i. 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;
- j. Vehicles or self-propelled machines that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described "**premises.**"

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse; or
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale;
- k. The following property while outside of "**buildings**":

- (1) Grain, hay, straw or other crops;
- (2) Trees, shrubs, or plants (other than "**stock**" of trees, shrubs, or plants) except as provided in the Coverage Extensions;
- l. Property that is covered under any import or export ocean marine insurance policy;
- m. After delivery to customers, property that you have sold under a conditional sale or trust agreement, installment payment or other deferred payment plan;
- n. Property of others for which you are responsible as a:
 - (1) Carrier for hire; or
 - (2) Carloader, consolidator, transportation broker, freight forwarder, shipping association or arranger of transportation;
- o. "**Fine Arts**," if the total value of such property is greater than \$25,000, unless such property is listed in a Schedule on file with us;
- p. "**Data**" and "**media**" which cannot be reproduced or replaced with others of the same kind or quality;
- q. Property which is intended for installation at a "**premises**" you do not own, lease or control, after it has left your "**premises**";
- r. (1) "**Buildings**"; or
 - (2) Additions to existing "**buildings**";

In the course of construction, except as provided under Coverage Extensions; and
- s. "**Personal effects**" belonging to you or your volunteers or employees.

3. Covered Causes of Loss

See the Causes of Loss Form.

4. Additional Coverages

The Additional Coverages listed in this form apply at each location listed in the Declarations.

The most we will pay in any one occurrence at each location for each of the following Additional Coverages is stated below.

a. Arson Reward

In the event that a covered fire "**loss**" was the result of an act of arson, we will reimburse you up to \$25,000 for rewards you pay for information leading to conviction of the person or persons

responsible for that act of arson. This is additional insurance. The Coinsurance Condition and Deductible do not apply to this Additional Coverage.

b. Brands and Labels

If your "**stock**" is damaged as a result of any of the Covered Causes of Loss, you have two options when you do not want to sell it under your brand or label even though it has a salvage value. You can:

- (1) Remove the brand or label and then re-label the "**stock**" to comply with the law; or
- (2) Label the damaged "**stock**" as salvage but, in doing so, cause no further damage to the damaged "**stock**."

We will pay the cost of removing and re-labeling your "**stock**."

In either case, we will pay the difference between the salvage value of the damaged "**stock**" with the brand and label attached, and the salvage value of the damaged "**stock**" with the brand and label removed.

This Additional Coverage does not increase the Limits of Insurance provided by this Coverage Form.

c. Claim Expenses

In the event of a covered "**loss**," we will pay for all reasonable expenses you incur at our request to assist us in:

- (1) The investigation of a claim; or
- (2) The determination of the amount of "**loss**," such as taking inventory.

We will not pay for:

- (1) Expenses to prove that "**loss**" is covered;
- (2) Expenses incurred under Loss Conditions **E.2. Appraisal**; or
- (3) Expenses billed by and payable to independent or public adjusters.

The most we will pay under this Additional Coverage is \$10,000. This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

No deductible applies to this Additional Coverage.

d. Computer Upgrade

- (1) In the event of "**loss**" to covered electronic data processing "**hardware**" caused by or resulting from a Covered Cause of Loss, we will allow you to use the amount we pay you for that "**loss**" to purchase upgraded electronic data processing "**hardware**."
- (2) If you choose to upgrade that equipment, we will pay for the expenses you incur to convert your "**data**" and "**media**" to the upgraded system.

This Additional Coverage is in addition to the applicable Limits of Insurance shown in the Declarations.

e. Computer Virus Extraction Expense

We will pay:

- (1) Your expenses to extract a "**computer virus**" from covered electronic data processing "**hardware**," "**data**" and "**media**," including upgrades or replacement of hardware, data or media.
- (2) "**Business income**" or "**extra expense**" if your "**operations**" are interrupted because of "**loss**" or damage to "**data**" or "**media**."

We will pay the actual cost of reproducing or replacing the lost or damaged "**data**" and "**media**" or the cost to replace the blank "**media**" with substantially identical property.

The most we will pay for "**computer virus**" extraction expenses in any one occurrence is \$250,000.

This Additional Coverage is the only portion of this policy that provides coverage for a "**computer virus**" extraction loss, regardless of any other cause or event that contributes concurrently or in any sequence to the "**loss**."

This Additional Coverage is in addition to the applicable Limits of Insurance shown in the Declarations.

f. Consequential Damage

We will pay for "**consequential damage**" to covered Business Personal Property caused by or resulting from any of the Covered Causes of Loss.

The most we will pay under this Additional Coverage in any one occurrence is \$25,000.

This Additional Coverage does not increase the Limits of Insurance provided by this Coverage Form.

g. Contract Penalty Clause

We will pay for any contractual penalties you are required to pay to your customers as a result of any clause in your contracts for failure to timely deliver your product according to the contract terms. The penalties must result solely from direct physical "**loss**" to Covered Property caused by or resulting from any of the Covered Causes of Loss.

The most we will pay for penalties for all contracts in any one occurrence is \$25,000.

This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

h. Debris Removal

We will pay your expenses to remove debris of Covered Property caused by or resulting from any of the Covered Causes of Loss that occur 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."**

This Additional Coverage does not apply to costs to extract **"pollutants"** from land or water; or remove, restore or replace polluted land or water.

This Additional Coverage is in addition to the applicable Limits of Insurance shown in the Declarations.

i. Fines for False Alarms

We will pay any fines you are assessed that you are legally obligated to pay under local or state ordinances, regulations or laws, for any false alarms sent in to police or to central monitoring stations by fire, burglar or sprinkler alarms installed to protect Covered Property at described **"premises"** or in safes or vaults on described **"premises."**

The most we will pay in any one occurrence is \$2,500, but no more than \$5,000 in any one policy year. This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

No Deductible applies to this Additional Coverage.

j. Fire, Sprinkler or Burglar Alarm Upgrade

In the event of a total **"loss"** to covered fire, sprinkler or burglar alarm systems at described **"premises"** caused by or resulting from any of the Covered Causes of Loss, we will pay for the cost to purchase upgraded equipment.

The most we will pay in any one occurrence is \$50,000. This Additional Coverage does not increase the Limits of Insurance provided under this Coverage Form.

k. Pollutant Clean Up and Removal

We will pay your expenses 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 any of the Covered Causes of Loss that occur during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Causes of Loss occur.

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 \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

I. Preservation of Property

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

- (1) While it is being moved or while temporarily stored at another **"premises"**; and
- (2) Only if the **"loss"** occurs within 90 days after the property is first moved.

This Additional Coverage is in addition to the applicable Limits of Insurance shown in the Declarations.

m. Recharge or Refill of Fire Protection System

We will pay your expenses to recharge or refill automatic fire protection systems and hand-held extinguishers when such systems are discharged as the result of any of the Covered Causes of Loss or when there is an accidental discharge in the absence of a Covered Cause of Loss.

This Additional Coverage applies regardless of whether the fire extinguishing equipment itself is damaged. The fire extinguishing equipment must be for the protection of and located at a **"premises."**

No Deductible applies to this Additional Coverage.

This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

n. Theft Damage to Buildings

We will pay for **"loss"** to **"buildings"** (including equipment within the **"buildings"** used to maintain or service the **"buildings"**) caused by theft or attempted theft of Covered Business Personal Property.

This Additional Coverage is applicable only to the **"premises"** where you are a tenant and are liable for such damage.

This Additional Coverage does not increase the Limits of Insurance applicable to **"building"** coverage.

o. Worldwide Coverage

We will pay for **"loss"** to Covered Property:

- (1) In transit, other than in the custody of a mail carrier, to or from:
 - (a) The United States of America;
 - (b) Canada; or
 - (c) Territories or possessions of the United States of America; and

Points worldwide, except those excluded below. This coverage applies from the delivery of the Covered Property at the point of origin shown in the bill of lading until it is discharged at the destination shown in the bill of lading.

- (2) At locations outside the Coverage Territory, while it is in the custody of directors, officers or employees who are traveling in the conduct of your business, except in those countries listed below.
- (3) This Additional Coverage does not apply to property located in, or in transit to, from or within, Afghanistan, Albania, Cambodia, Cuba, El Salvador, Guatemala, Haiti, Honduras, Iraq, Iran, Laos, Lebanon, Libya, Myanmar, Nicaragua, North Korea, Syria, Republics formerly a part of the Union of Soviet Socialist Republics, Vietnam, or Yugoslavia or Republics formerly a part of Yugoslavia.

The most we will pay in any one occurrence is \$25,000. This Additional Coverage is in addition to the applicable Limits of Insurance under this Coverage Form.

5. Coverage Extensions

The Coverage Extensions listed in this form apply at each location listed in the Declarations.

Except as otherwise provided, the following Coverage Extensions apply to property located in or on the "**buildings**" described in the Declarations or within 1,000 feet of the described "**premises**."

The most we will pay in any one occurrence at each location for each of the following Coverage Extensions is stated below.

a. Accounts Receivable

We will pay the following "**loss**" and expenses which are the direct result of "**loss**" to accounts receivable records caused by or resulting from any of the Covered Causes of Loss:

- (1) All sums due you from customers, provided you are unable to collect;
- (2) Interest charges on any loan to offset amounts you are unable to collect pending our payments of these accounts;
- (3) Collection expenses in excess of your normal collection expenses made necessary because of "**loss**"; and
- (4) Other reasonable expenses you incur to re-establish your records of accounts receivable following such "**loss**."

Accounts receivable also includes "**losses**" or costs you incur if you have to remove accounts receivable records from a "**premises**" to a place of safety in order to protect them from the threat of a Covered Cause of Loss.

We will not pay for "**loss**" that requires any audit of records or any inventory computation to prove its factual existence.

This coverage extension is in addition to the applicable Limits of Insurance provided by this Coverage Form.

b. Business Income and Extra Expense

If the Business Income and Extra Expense Coverage Form is attached to this policy, all of the provisions in the form will apply except for the following which are amended:

A. Coverage, 4. b. Civil Authority

The coverage for Business Income will begin immediately after the time of that action.

A. Coverage, 4. g. Fundraising is added:

g. Fundraising Events At Non Owned Locations

- (1) We will pay for the actual **“loss”** of Business Income and any Extra Expense incurred due to the interruption of fundraising activities. This interruption must be caused by direct physical **“loss”** caused by or resulting from any Covered Cause of Loss.
- (2) We will pay for the actual **“loss”** of Business Income you sustain and necessary Extra Expenses you incur caused by action of Civil Authority that prohibits access to the location of your fundraising event due to direct physical **“loss”** to property caused by or resulting from any Covered Cause of Loss.
- (3) The following will not be included in determining the amount of Business Income:
 - (a) Loss of revenue from fundraising events that are cancelled or postponed;
 - (b) Donations and contributions received by you during the interrupted period because of your interrupted **“operations”**;
- (4) If a regularly scheduled fundraising event for your **“operations”** occurs during the interrupted period, we will include the revenue as income only if the event does not produce an amount of revenue at least equal to the same event in prior years because of the interruption of your **“operations.”**

G. Definitions, 6. “Period of Restoration”

Subparagraph **a. (1)** is deleted and replaced with the following:

- a. (1)** Immediately after the time of direct physical **“loss”** for Business Income coverage; or

Subparagraph **c. (3)** is added as follows:

- c. (3)** Pertains to **“fungus,”** wet rot, dry rot or bacteria.

c. Business Personal Property Off Premises

Coverage for your Business Personal Property is extended to apply to your 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 or on a vehicle.

The most we will pay for **“loss”** or damage under this extension is the Business Personal Property Limit of Insurance shown in the Declarations. This limit is included within and is not in addition to the Business Personal Property Limit of Insurance.

This coverage extension does not apply to **“mobile property.”**

d. Communication Towers, Antennas, Satellite Dishes and Sirens

Your Business Personal Property, **“Business Income”** and **“Extra Expense”** coverages are extended to include communication towers, sirens, antennas or satellite dishes including their lead-in wiring, masts and guy wires, similar structures and related equipment that are located off your **“premises”** but provide service to your **“premises”** shown in the Declaration.

This coverage extension is in addition to the applicable Limits of Insurance shown in the Declarations.

e. Excavations and Landscaping

We will pay for:

- (1) Your reasonable costs for excavations, grading, filling or backfilling at a described **“premises”** made necessary by direct physical **“loss”** to Covered Property caused by or resulting from any of the Covered Causes of Loss; and
- (2) Direct physical **“loss”** to your outdoor trees, shrubs, plants, and lawns including debris removal expenses, caused by or resulting from any of the following Causes of Loss:
 - (a) Fire;
 - (b) Lightning;
 - (c) Explosion;
 - (d) Riot or Civil Commotion;
 - (e) Aircraft;
 - (f) Vandalism; or
 - (g) Malicious Mischief.

We will pay for the replacement of trees, shrubs, and plants with like, kind and quality.

This coverage extension is in addition to the applicable Limits of Insurance provided by this Coverage Form.

This Coverage Extension does not apply to **“stock”** of trees, shrubs and plants.

f. Fish in Aquariums

We will pay for direct death or destruction of fish in aquariums caused by or resulting from, or made necessary by, any of the following Causes of Loss at the described **“premises”**:

- (1) Fire;
- (2) Lightning;

- (3) Explosion;
- (4) Riot or Civil Commotion;
- (5) Aircraft; or
- (6) Interruption of power supply service to the described “**premises**”, when the cause of the event occurs more than 1,000 feet from the “**premises.**”

This Coverage Extension does not apply to death or destruction of “**stock**” held for sale.

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

No deductible applies to this Coverage Extension.

g. Guard Dogs and Pets

We will pay for direct death or destruction of a “**guard dog**” or pet caused by or resulting from, or made necessary by, any of the following Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Theft;
- (5) Vandalism (including shooting or poisoning);
- (6) Vehicles; or
- (7) Collision, upset or overturn of the vehicle transporting the “**guard dog**” or pet.

As respects to “**guard dog**,” the Cause of Loss must occur at the described “**premises**” and during other than normal business hours, or while the “**guard dog**” is being transported to or from the described “**premises**”. This Additional Coverage does not apply to death or destruction of “**stock**” held for sale.

The most we will pay for any one “**guard dog**” or pet is \$500, but not more than \$1,000 in any one occurrence.

No Deductible applies to this Coverage Extension.

h. Inflation Guard

The Limit of Insurance for property to which this coverage applies will automatically increase by the annual percentage shown in the Declarations.

The amount of increase will be:

- (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

- (2) The percentage of annual increase shown in the Declarations, expressed as a decimal, times
- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

i. Lost Key Replacement

In the event of the theft or disappearance of a master key to "**buildings**," rooms or compartments at described "**premises**" in which covered business personal property is located, we will pay the actual and necessary expenses you incur to:

- (1) Replace the key; and
- (2) (a) Adjust existing locks to accept the new key; or
(b) Replace the lock;

Whichever is less.

The most we will pay under this Coverage Extension is \$2,500.

No deductible applies to this Coverage Extension.

j. Newly Acquired Property

We will pay for direct physical "**loss**" to:

- (1) "**Buildings**" and business personal property you acquire; and
- (2) "**Buildings**" which you have had constructed after:
 - (a) Construction is completed; and
 - (b) You have accepted the "**buildings**" for occupancy; and
 - (c) A Certificate of Occupancy has been issued by a civil or regulatory agency or authority that has jurisdiction over the "**buildings**";

At any "**premises**" caused by or resulting from any of the Covered Causes of Loss.

This Coverage Extension does not increase the Limit of Insurance for "**buildings**" and business personal property at unspecified "**premises.**"

This Coverage Extension for each Newly Acquired or Constructed Property will end when any of the following first occurs:

- (1) This policy expires;
- (2) 180 days expire after you acquire the property or have completed construction; or

- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or construction is completed.

k. New Property in the Course of Construction

We will pay for direct physical **“loss”** caused by or resulting from any of the Covered Causes of Loss to:

- (1) **“Buildings”**; or
- (2) Additions to existing **“buildings”**;

In the course of construction at any **“premises,”** if the construction began after the inception date of this policy. We do not cover **“buildings”** which you construct to sell to others or for the account of others.

This Additional Coverage will end when any of the following first occurs:

- (1) This policy expires;
- (2) 90 days expire after construction begins; or
- (3) You report the new construction to us.

We will charge you additional premium for values reported from the date construction begins.

The most we will pay under **Coverage Extensions j. Newly Acquired Property** and **k. New Property in the Course of Construction** in any one occurrence for **“loss”** to **“buildings”** is \$1,000,000.

The most we will pay under **Coverage Extensions j. Newly Acquired Property** and **k. New Property in the Course of Construction** in any one occurrence for **“loss”** to business personal property is \$500,000.

These Coverage Extensions are in addition to the applicable Limits of Insurance shown in the Declarations.

I. Ordinance or Law

If a Covered Cause of Loss occurs to a covered **“building,”** we will pay for:

- (1) **“Loss”** to the undamaged portion of the **“building”** caused by enforcement of any ordinance or law that:
 - (a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss; and
 - (b) Regulates the construction or repair of **“buildings”** or establishes zoning or land use requirements at the described **“premises.”**

This coverage is included within the Limit of Insurance applicable to the covered **"buildings"** shown in the Declarations.

- (2) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.
- (3) We will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

However, we will not pay for the increased cost of construction if the **"building"** is not repaired or replaced.

The most we will pay under (2) and (3) above shall not exceed 100% of the amount paid under this coverage part for the initial direct physical **"loss"** or damage to a building or structure at a described **"premises."** This limit is in addition to the applicable limits of insurance shown in the Declarations.

Insurance under this Coverage Extension applies only with respect to an ordinance or law that is in effect at the time of **"loss."** Insurance under this Additional Coverage does not apply to costs:

- (1) Associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way to respond to or assess the effects of **"pollutants"**;
- (2) Due to an ordinance or law that was in effect before the **"loss"** or damage occurred, and with which you failed to comply even though you were required to do so; or
- (3) Due to **"fungus,"** wet rot, dry rot or bacteria.

m. Personal Effects

- (1) We will pay actual replacement cost for direct physical **"loss"** to **"personal effects"** of your directors, officers, trustees, employees, and volunteers while they are traveling anywhere in the world in the conduct of your business, caused by or resulting from any of the Covered Causes of Loss.
- (2) For all other persons, other than spouses, we will pay \$2,000 for the **"personal effects"** of any one person.

This coverage is primary regardless if there is other applicable insurance coverage. No Deductible applies to this Coverage Extension.

This limit is included within and is not in addition to the Business Personal Property Limit of Insurance.

n. Personal Effects - Spouses

We will pay for direct physical **"loss"** to **"personal effects"** belonging to spouses of your directors, officers, trustees, or partners when such spouses are traveling with your directors, officers, trustees or partners who are traveling anywhere in the world in the conduct of your business, caused by or resulting from any of the Covered Causes of Loss. The most we will pay for such **"loss"** is \$2,000 for any one person or \$5,000 in any one occurrence.

No Deductible applies to this Coverage Extension.

This limit is included within and is not in addition to the Business Personal Property Limit of Insurance.

o. Property of Others Used in Emergencies

We will pay for direct physical **"loss"** of or damage to the following property of others caused by or resulting from any Covered Cause of Loss, provided the property is borrowed, seized and returned within a reasonable time for official use in an emergency situation during the policy period only:

- (1) **"Building"**;
- (2) Business personal property;
- (3) Watercraft;
- (4) Aircraft or its parts, accessories and equipment;
- (5) Animals;
- (6) All-terrain vehicles; and
- (7) Snowmobiles.

We will also pay for any resulting loss of use of the property for up to 200 days after the property is returned in order to make necessary repairs or to replace the property. If the direct physical **"loss"** or damage to the seized property occurred during the policy period stated in the Declarations, coverage will apply after the policy expiration date.

The most we will pay under this coverage extension in any one occurrence is the replacement cost and loss of use of the seized property.

For the purposes of this extension, an emergency situation means an unexpected occurrence where an immediate official action is necessary.

p. Valuable Papers and Records

We will pay your expenses to restore, reproduce, replace or research your **"valuable papers and records"** that sustain direct physical **"loss"** or damage caused by or resulting from any Covered Cause of Loss. Coverage applies to your **"valuable papers and records"** located on or away from your **"premises."**

Coverage does not apply to:

- (1) Irreplaceable **“valuable papers and records”** unless they are scheduled in the policy;
- (2) **“Loss”** or damage to computer based records arising from **“loss”** or damage to **“data”** or **“media”** or from a **“computer virus,”** or from mechanical breakdown of **“hardware”**;
- (3) Costs to process, copy, file or bind **“valuable papers or records”**; or
- (4) **“Loss”** or damage to **“data”** or **“media.”**

This coverage extension is in addition to the applicable Limits of Insurance shown in the Declarations.

B. Exclusions

See the Causes of Loss Form.

C. Limits of Insurance

The most we will pay for **“loss”** in any one occurrence:

1. For each Additional Coverage is the Limit of Insurance applicable to that Additional Coverage.
2. For each Coverage Extension is the Limit of Insurance applicable to that Coverage Extension.
3. For **“Fine Arts”** is:
 - a. \$25,000; or
 - b. The amount shown in the **“Fine Arts”** Schedule on file with us;

Whichever is greater.
4. For all other coverage provided under this Coverage Form is the applicable Limit of Insurance shown in the Property Coverage Part Declarations, except as provided in the guaranteed replacement cost endorsement if attached to the policy.

D. Deductible

We will not pay for **“loss”** in any one occurrence until the amount of the **“loss”** exceeds the Deductible shown in the Declarations or schedules. We will then pay the amount of the **“loss”** in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by a Coinsurance Condition.

If more than one Deductible is applicable under this Coverage Form or under another coverage part to **“loss”** in any one occurrence, we will only apply the highest applicable Deductible.

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties in the Event of Loss

- a. You must see that the following are done in the event of "**loss**" to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the "**loss**." Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the "**loss**" occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage by any of the Covered Causes 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) At our request, give us complete inventories of the damaged and undamaged property, including quantities, costs, values and amount of "**loss**" claimed. However, if the total claim for any "**loss**" is less than \$10,000, you are not required to provide an inventory of the undamaged property.
 - (6) As often as may be reasonably required, permit us to inspect the property and records proving the "**loss**."

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Make no statement that will assume any liability, for any "**loss**" for which we may be liable, without our consent.
 - (8) Promptly send us any legal papers or notices received concerning the "**loss**."

(9) 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.

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

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

4. Loss Payment

a. In the event of "**loss**" to Covered Property 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. We will not pay you more than your financial interest in the Covered Property.

d. We may adjust the "**loss**" with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

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

f. We will pay for covered "**loss**" within 30 days after we receive the sworn proof of loss, if:

(1) You have complied with all of the terms of this coverage form; and

(2) (a) We have reached agreement with you on the amount of "**loss**";

(b) An appraisal award has been made; or

(c) Final judgment has been entered.

5. a. 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 your property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

b. Recoveries

The following applies only to the Accounts Receivable Coverage Extension:

You will pay us the amount of all recoveries you receive for a **"loss"** paid by us. But any recoveries in excess of the amount we have paid belong to you.

6. Vacancy

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

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

- (1)** Sprinkler leakage or water damage unless you have protected the system against freezing;
- (2)** Damage to plumbing systems located outside the perimeter of building walls or off the **"premises"** that results from freezing; or
- (3)** Vandalism.

b. Reduce the amount we would otherwise pay for the **"loss"** by 15%.

"Buildings" are vacant when they do not contain enough business personal property to conduct customary **"operations."**

7. Valuation

We will determine the value of Covered Property in the event of **"loss"** as follows:

a. At replacement cost (without deduction for depreciation) as of the time of **"loss,"** except as provided in **b., c., d., e., f., g.,** and **h.** below.

(1) We will not pay more for **"loss"** on a replacement costs basis than the least of:

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

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

- (i)** Of comparable material and quality;
- (ii)** Used for the same purpose; and
- (iii)** At the same **"premises"**; or

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

(d) However, the following only applies to **"building"** coverage:

- (i)** You may substitute property of a different kind or quality, but we will not pay more

than what it would cost to repair or replace the **"loss"** or damage to the **"building"** with property of comparable kind and quality; and

- (ii) You may replace the **"building"** suffering the **"loss"** or damage at a different location, but we will not pay more than what it would cost to replace the **"loss"** or damage to the **"building"** at the original **"premises."**

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

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

- (b) Unless the repairs or replacement are made within one year after the **"loss."**

b. **"Fine Arts"** as stated in a Schedule on file with us. If there is no schedule on file, valuation will be at fair market value as of the time of **"loss."**

c. **"Stock"** as follows:

- (1) **"Finished Stock"** you have sold but not delivered, at selling price less discounts and expenses you otherwise would have had;

- (2) **"Merchandise"** you have sold but not delivered, at selling price less discounts and expenses you otherwise would have had;

- (3) **"Stock in process"** at the cost to replace plus labor and overhead expenses you have actually incurred.

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

e. **"Valuable Papers and Records"** 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.

f. **"Data"** and **"media"** (other than prepackaged software programs)

The value of the property will be either:

- (1) The actual cost of reproducing or replacing the lost or damaged **"data"** and **"media,"** if you actually reproduce or replace them; or

- (2) The cost to replace the blank **"media"** with substantially identical property.

g. Accounts Receivable

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

- (a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the **"loss"** occurred; and

- (b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the **"loss"** occurred or any demonstrated variance from the average for that month.
- (2) The following will be deducted from the total amount of accounts receivable, however that amount is established.
 - (a) The amount of the accounts for which there is no **"loss"**;
 - (b) The amount of the accounts that you are able to re-establish or collect;
 - (c) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (d) All unearned interest and service charges.
- h. Tenant's Improvements and Betterments at:
 - (1) Replacement cost (without deduction for depreciation) of the lost or damaged property if you make repairs or replace promptly.
 - (2) A proportion of your original cost if you do not make repairs or replace promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the **"loss"** to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
 - (c) If you purchased the interest in the use of improvements made by a previous tenant, we will cover them as if you had paid for them.

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 for your benefit and at no cost to you.
- i. Replacement cost applies to all other Section **A. 4. Additional Coverages** and **5. Coverage Extensions** unless otherwise stated in the applicable sections, so long as:
 - (1) The requirements in Section **7. Valuation a. (1)** and **(2)** are met if **"building"** or business personal property is lost or damaged.

8. Pair, Sets or Parts

- a. Pair or set. In case of **"loss"** to any part of a pair or set we may:
 - (1) Repair or replace any part to restore the pair or set to its value before the **"loss"**; or
 - (2) Pay the difference between the value of the pair or set before and after the **"loss."**

- b. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

F. General Conditions

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

1. Coinsurance

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

- a. We will not pay the full amount of any "loss" if the value of Covered Property (except property in transit and Business Personal Property of others in your care, custody or control) at the time of "loss" times the Coinsurance percentage shown in the Declarations is greater than the Limit of Insurance for that property.

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

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

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

Step (3) will not apply to property in transit or to Business Personal Property of others in your care, custody or control.

Example No. 1 (Underinsurance)

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000
The Deductible is	\$ 250
The Amount of "Loss" is	\$ 40,000

Step (1)	\$250,000	X	80%	=	\$200,000
(The minimum amount of insurance to meet your Coinsurance requirements.)					
Step (2)	\$100,000.	÷	\$200,000	=	.50
Step (3)	\$40,000	X	.50	=	\$ 20,000
Step (4)	\$20,000.	–	\$250	=	\$ 19,750

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

Example No. 2 (Adequate Insurance)

When:

The Value of the Property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The Deductible is	\$ 250
The Amount of " Loss " is	\$ 40,000

Step (1)	\$250,000	X	80%	=	\$200,000
(The minimum amount of insurance to meet your Coinsurance requirements.)					
Step (2)	\$200,000	÷	\$200,000	=	1.00
Step (3)	\$40,000	X	1.00	=	\$ 40,000
Step (4)	\$40,000	-	\$250	=	\$ 39,750

We will cover the \$39,750 "**loss**" in excess of the Deductible. No penalty applies.

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

Example No. 3:

The Value of the property is:

" Building " at " Premises " No. 1	\$ 75,000
" Building " at " Premises " No. 2	\$100,000
Personal Property at " Premises " No. 2	<u>\$ 75,000</u>
	\$250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for:

"**Buildings**" and Personal Property at "**Premises**" No. 1 and 2. \$180,000

The Deductible is \$ 1,000

The Amount of "**Loss**" is:

" Building " at " Premises " No. 2	\$ 30,000
Personal Property at " Premises " No. 2	<u>\$ 20,000</u>
	\$ 50,000

Step (1)	\$250,000	X	90%	=	\$225,000
(The minimum amount of Insurance to meet your Coinsurance requirements)					
Step (2)	\$180,000	÷	\$225,000	=	.80
Step (3)	\$50,000	X	.80	=	\$ 40,000
Step (4)	\$40,000	-	\$1,000	=	\$ 39,000

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

2. Mortgage Holders

- a. The term mortgage holder includes trustee.
- b. We will pay for covered "**loss**" to "**buildings**" 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 **"buildings."**
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Form, the mortgage holder will still have the right to receive **"loss"** payment if the mortgage holder:
 - (1) Pays any premium due under this Coverage Form 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 other terms of this Coverage Form will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any **"loss"** and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Form;
 - (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 nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

3. Other Insurance

The following is added to subparagraph 2. of Commercial Property Condition **G. Other Insurance**:

But this provision does not apply to **"loss"** to personal property of others in your care, custody or control.

G. Definitions

- 1. **"Buildings"** means buildings or structures.

2. **"Business Income"** means the net income (net profit or loss before income taxes) that would have been earned or incurred and continuing normal operating expenses incurred, including payroll.
3. **"Computer Property"** means **"data," "hardware"** and **"media."**
 - a. **"Data"** means facts, figures, concepts, or instructions that are in a form that can be communicated, interpreted or processed by computer systems (including records of accounts receivable and **"valuable papers and records"** when they are converted into any **"data"** form).
 - b. **"Hardware"** means a network of equipment and components which accept information, process and analyze that information according to a plan, and then produces the desired results. It includes disk and tape drives, printers, display screens, remote terminals, computers which control manufacturing or production equipment or machinery, and computerized telephone systems, but it does not include computer **"media,"** or manufacturing or production machinery or equipment.
 - c. **"Media"** means materials on which **"data"** can be recorded, such as magnetic tapes, disk packs, paper tapes and cards.

"Data" and **"media"** include pre-packaged software and any instructional manuals for that software.
4. **"Computer Virus"** means unauthorized intrusive codes or programming that is entered into covered **"hardware," "data"** and **"media"** and interrupts your **"operations,"** but it does not mean an error in design or a programming error.
5. **"Consequential Damage"** means the decrease in value to the undamaged part or parts of Business Personal Property which is unmarketable as a complete product.
6. **"Extra Expense"** means necessary expenses you incur during the **"period of restoration"** that you would not have incurred if there had been no direct physical **"loss"** to property caused by or resulting from any of the Covered Causes of Loss.
7. **"Fine Arts"** means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, and similar property, of rarity, historical value or artistic merit.
8. **"Fungus"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
9. **"Guard Dog"** means a dog that is trained to protect **"premises"** from intruders and kept on your **"premises"** when they are not open for business.
10. **"Loss"** means accidental loss or damage.
11. **"Mobile Property"** means portable firefighting, ambulance, or rescue related equipment, including portable communications equipment, commonly used in fire and rescue operations away from your **"premises."**
12. **"Money"** means:
 - a. Currency, coins and bank notes whether or not in current use; and

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

13. "Operations" means:

- a. Your firefighting, ambulance or rescue related activity; and
- b. The tenantability of a "**premises**," if coverage for "**Business Income**" applies to "**Rental Value**."

14. "Period of restoration" means the period of time that:

- a. Begins:
 - (1) Immediately after the time of direct physical "**loss**" for "**Business Income**" coverage; or
 - (2) Immediately after the time of direct physical "**loss**" for "**Extra Expense**" coverage; and
- b. Ends on the earlier of:
 - (1) The date when the property at the described "**premises**" should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.
- c. "**Period of restoration**" does not include any increased period required due to the endorsement of any ordinance or law that:
 - (1) Regulates the construction, use or repair, or requires the tearing down of any property;
 - (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**"; or
 - (3) Pertains to "**fungus**," wet rot, dry rot or bacteria.

15. "Personal Effects" means property that belongs to an individual and is used for personal use. However, it does not mean "money" and "securities," "fine arts," animals, aircraft or its parts, accessories or equipment, watercraft or vehicles.

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

17. "Premises" means a location described in the Declarations that is owned or legally occupied by you and used to conduct your "operations."

18. "Rental Value" means:

- a. Total anticipated rental income from tenant occupancy of the "**premises**" described in the Declarations as furnished and equipped by you; and
- b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and

c. Fair rental value of any portion of the described "**premises**" which is occupied by you.

19. "**Securities**" means negotiable and non-negotiable instruments or contracts representing either "**money**" or other property and includes:

- a. Tokens, tickets, revenue and other stamps whether or not in current use;
- b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue;

But does not include "**money**." Lottery tickets held for sale are not "**securities**."

20. "**Stock**" means "**finished stock**," "**merchandise**" and "**stock in process**."

- a. "**Finished Stock**" means property that you manufactured or processed which in the ordinary course of your business is ready for packing, shipment or sale.
- b. "**Merchandise**" means goods kept for sale by you that are not the product of your manufacturing or processing "**operations**."
- c. "**Stock in Process**" means raw materials that have undergone any processing or manufacturing but which has not become "**finished stock**."

21. "**Valuable Papers and Records**" means inscribed, printed or written documents, film and other photographically produced records, such as slides and microfilm, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "**valuable papers and records**" does not mean "**money**" or "**securities**."

VOLUNTEER FIRE DEPARTMENT CAUSES OF LOSS FORM

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

A. Covered Causes of Loss

Covered Causes of Loss means Risks of Direct Physical Loss unless the "**loss**" is:

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

that follow.

B. Exclusions

1. We will not pay for "**loss**" caused directly or indirectly by any of the following. Such "**loss**" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "**loss**." But we will cover resulting fire or explosion, meaning a fire or explosion that results from any cause of loss other than war, whether or not that cause of loss itself is covered under this coverage part.

a. Ordinance or Law

The enforcement of any ordinance or law:

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

Except as provided in the **VOLUNTEER FIRE DEPARTMENT PROPERTY COVERAGE FORM.**

b. Earth Movement

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

This exclusion does not apply to the following:

- (1) Business Personal Property in transit or away from "**premises**" you own, lease, rent or control;
- (2) The Accounts Receivable Coverage Extension; or
- (3) The Valuable Papers and Records - Cost to Research Coverage Extension.

c. Governmental Action

Seizure or destruction of property by order of governmental authority, including any customs or quarantine action.

But we will pay for "**loss**" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of an explosion or fire to prevent its spread, if the explosion or fire would be covered under this Policy.

d. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause.

But we will pay for direct "**loss**" caused by resulting fire, explosion, or smoke if the fire, explosion, or smoke would be covered under this Policy.

e. Utility Services

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

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

This exclusion does not apply to the following Coverages:

- (1) Accounts Receivable Coverage Extension;
- (2) "**Computer Property**" for interruption of electrical power supply when the cause of such event occurs within 1,000 feet of the "**premises**"; or
- (3) Utility Services - Direct Damage Additional Coverage Extension.

f. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Flood

"**Flood**."

But if "**loss**" by fire, explosion, theft or sprinkler leakage results, we will pay for that resulting "**loss**."

This exclusion does not apply to the following:

- (1) Business Personal Property in transit or away from "**premises**" you own, lease rent or control;
- (2) The Accounts Receivable Coverage Extension; or
- (3) The Valuable Papers and Records - Cost to Research Coverage Extension.

h. "Fungus," Wet Rot, Dry Rot and Bacteria

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

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

This exclusion does not apply:

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

(2) To the extent that coverage is provided in **E. Additional Coverage Extensions, 4. Limited Coverage for "Fungus," Wet Rot, Dry Rot and Bacteria** with respect to loss or damage by a cause of loss other than fire or lightning.

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

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

But if **"loss"** by fire or explosion results, we will pay for that resulting **"loss."**

This exclusion does not apply to **"computer property."**

b. Delay, loss of use, loss of market or any other consequential loss except as specifically provided in business income.

c. Smoke, vapor or gas from agricultural smudging or industrial operations. This exclusion does not apply to **"computer property."**

d. (1) Wear and tear, rust, corrosion, decay, deterioration, marring or scratching, erosion, decomposition. However, we will cover resulting loss or damage not otherwise excluded caused by vehicles or aircraft, sprinkler leakage, water damage, freezing, collapse of a building or falling objects;

(2) Smog;

(3) Settling, cracking, shrinking, bulging or expansion of any pavement, building or structure;

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

(5) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting **"loss"** caused by elevator collision;

(6) Dampness or dryness of atmosphere; changes in or extremes of temperature; freezing or thawing.

Paragraphs **d. (2), (3), (5)** and **(6)** do not apply to **"computer property."**

But if **"loss"** by the **"specified causes of loss"** or building glass breakage results, we will pay for that resulting **"loss."**

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if **"loss"** by fire or combustion explosion results, we will pay for that resulting **"loss."** We will also pay for **"loss"** caused by or resulting from the

explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air-conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the "**buildings**"; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

This exclusion does not apply to "**computer property**."

- g. Dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

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

This exclusion does not apply to:

- (1) Acts of destruction by your employees (but theft by employees is not covered);
- (2) Property in the custody of a carrier for hire (provided the carrier is not in collusion with you, any of your partners, directors, trustees or authorized representatives); or
- (3) "**Loss**" to "**computer property**" (provided your employees are not in collusion with you, any of your partners, directors, trustees or authorized representatives).

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

- i. Collapse, except as provided below in the Additional Coverage for Collapse. But if "**loss**" by any of the Covered Causes of Loss results at the described "**premises**," we will pay for that resulting "**loss**."

- j. Discharge, dispersal, seepage, migration, release or escape of "**pollutants**."

But we will pay for resulting "**loss**" to Covered Property when the discharge, dispersal, seepage, migration, release or escape of "**pollutants**" is caused by any of the "**specified causes of loss**."

- k. Processing or work upon the property.

But we will pay for "**loss**" caused by resulting fire or explosion.

This exclusion does not apply to "**computer property**."

- l. Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "**money**," "**securities**" or other property.

- m. Bookkeeping, accounting or billing errors or omissions.

- n. Unexplained disappearance. This exclusion does not apply to "**computer hardware**."

- o.** Shortage found upon taking inventory or audit. This exclusion does not apply to **"computer hardware."**
 - p.** Electrical or magnetic disturbance or erasure of records of accounts receivable that have been converted into electronic format, when such **"loss"** is caused by or results from:

 - (1)** Programming errors or faulty machine instructions;
 - (2)** Faulty installation or maintenance of data processing equipment or component parts; or
 - (3)** An occurrence that took place more than 1,000 feet from your **"premises."**

But we will pay for such **"loss"** caused by lightning.
 - q.** Voluntary parting with any property by you, or by anyone else to whom you have entrusted the property, if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - r.** Changes in your electrical power supply to **"computer property,"** including interruption of power, power surge, blackout or brownout, if the cause of such event originates more than 1,000 feet from any of the **"premises"** listed in the Declarations, Extension of Declarations or attached Schedule.
 - s.** Inherent vice which is a natural condition of property that causes it to deteriorate or become damaged.
 - t.** Latent defects which are faults or weaknesses in property itself.
- 3.** We will not pay for **"loss"** caused by or resulting from any of the following. But if **"loss"** by a Covered Cause of Loss results, we will pay for that resulting **"loss."**
- a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph **1.** above to produce the **"loss."**
 - b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c.** Faulty, inadequate or defective:

 - (1)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (2)** Materials used in repair, construction, renovation or remodeling; or
 - (3)** Maintenance;

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

But we will cover **"loss"** or damage that results from any of these, if the **"loss"** or damage occurs in connection with any cause of loss not otherwise excluded by this coverage part. This exclusion does not apply to **"computer property."**

4. Special Exclusions

The following provisions apply only to the Coverage Forms listed below, if these Coverage Forms are attached to this Policy.

a. Business Income, Extra Expense and Business Income with Extra Expense Coverage Forms

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of finished "**stock**"; or
- (b) The time required to reproduce finished "**stock**."

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical "**loss**" to communication antennas or satellite dishes, including their lead-in wiring masts or towers.

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

- (a) Delay in rebuilding, repairing or replacing the property or resuming "**operations**" due to interference at the "**premises**" 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.

(6) Any loss caused by or resulting from error in machine programming or instructions to any machine.

(7) Any loss caused by or resulting from direct physical "**loss**" to property at locations not specifically identified. This exclusion does not apply to coverage provided to Business Income from Dependent Property - Additional Coverage.

(8) Any loss caused by or resulting from direct physical "**loss**" to:

- (a) "**Buildings**"; or
- (b) Additions to existing "**buildings**";

That are under the course of construction.

b. Legal Liability Coverage Form

(1) The following Exclusions do not apply to insurance under this Coverage Form;

- (a) Paragraph **B. 1.a.**, Ordinance or Law;
- (b) Paragraph **B. 1.c.**, Governmental Action;

- (c) Paragraph **B. 1.d.**, Nuclear Hazard;
- (d) Paragraph **B.1.e.**, Utility Service; and
- (e) Paragraph **B. 1.f.**, War and Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "**suit**" or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.

(b) Nuclear Hazard

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

C. Limitations

1. We will not pay for "**loss**" to:

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for "**loss**" to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any "**buildings**," or to personal property in "**buildings**," caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The "**buildings**" first sustain damage by a Covered Cause of Loss to their roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The "**loss**" is caused by or results from thawing of snow, sleet or ice on the "**buildings**."

2. For "**loss**" by theft, the following types of property are covered only up to the Limits of Insurance shown:

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

3. We will not pay for "**loss**" to property in transit caused by or resulting from breakage; leakage; contamination; being spotted, discolored, molded, rusted, frosted, rotted, soured, steamed or changed in flavor.

But we will pay for such **"loss"** caused by: the **"specified causes of loss"**; an accident to the vehicle or railroad car carrying the Covered Property; burning, collision or crashing of the aircraft carrying the Covered Property; or the stranding, sinking, burning or collision of the vessel carrying the Covered Property.

D. Additional Coverage - Collapse

We will pay for **"loss"** caused by or resulting from risks of direct physical **"loss"** involving collapse of **"buildings"** or any part of **"buildings"** caused only by one or more of the following:

1. The **"specified causes of loss"** or breakage of building glass, all only as insured against in this form;
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.

We will not pay for **"loss"** to the following types of property, if otherwise covered in this Policy, under items **2.**, **3.**, **4.** and **5.** unless the **"loss"** is a direct result of the collapse of **"buildings"**; outdoor communication antennas or satellite dishes, including their masts or lead-in wiring; awnings, gutters and downspouts; yard fixtures; outdoor swimming pools; fences; beach or diving platforms or appurtenances; retaining walls.

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

This Additional Coverage will not increase the Limits of Insurance provided by this Policy.

E. Additional Coverage Extensions

1. Water Damage, Other Liquids, Powder or Molten Material Damage

If **"loss"** caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of **"buildings"** 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 to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

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

This Coverage Extension will not increase the Limits of Insurance provided by this Policy.

2. Utility Services - Direct Damage

We will pay for direct physical **"loss"** caused by interruption of utility service to the described **"premises."** The interruption must be caused by direct physical **"loss"** by any of the Covered Causes of Loss to the following types of property not on the described **"premises"** supplying water, communication and power to the described **"premises."**

Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described “**premises.**”

- a. Utility Generating Plants;
- b. Switching stations;
- c. Substations;
- d. Transformers; and
- e. Transmission Lines.

But not overhead transmission lines.

Water Supply Services, meaning the following types of property supplying water to the described “**premises.**”

- a. Pumping Stations; and
- b. Water mains.

Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described “**premises,**” such as:

- a. Communication transmission lines, including optical fiber transmission lines;
- b. Coaxial cables; and
- c. Microwave radio relays except satellites.

But not overhead transmission lines.

The most we will pay under this Coverage Extension for the sum of all occurrences at all “**premises**” during each separate 12 month period of this policy is \$10,000.

This Coverage Extension is in addition to the Limits of Insurance provided by this Policy.

3. Voluntary Parting

We will pay for “**loss**” caused by or resulting from voluntary parting with any property by you, or by anyone else to whom you have entrusted the property, if induced to do so by any fraudulent scheme, trick, device or false pretense.

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

This Coverage Extension will not increase the Limits of Insurance provided by this Policy.

4. Limited Coverage for “Fungus,” Wet Rot, Dry Rot and Bacteria

- a. The coverage described in 4.b. and 4.f. only applies when the “**fungus,**” wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- (1) A “**specified cause of loss**” other than fire or lightning; or

- (2) Flood, if the Flood Coverage Endorsement applies to the affected **“premises.”**
- b. We will pay for loss or damage by **“fungus,”** wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
- (1) Direct physical loss or damage to Covered Property caused by **“fungus,”** wet or dry rot or bacteria, including the cost of removal of the **“fungus,”** wet or dry rot or bacteria.
 - (2) The cost to tear out and replace any part of the building or other property as needed to gain access to the **“fungus,”** wet or dry rot or bacteria; and
 - (3) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that **“fungus,”** wet or dry rot or bacteria are present.
- c. The coverage described under 4.b. of this Limited Coverage is limited to \$25,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of **“specified causes of loss”** (other than fire or lightning) and **“flood”** which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in **“fungus,”** wet or dry rot or bacteria, we will not pay more than a total of \$25,000 even if the **“fungus,”** wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- d. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any covered property. If a particular occurrence results in loss or damage by **“fungus,”** wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected covered property.
- If there is covered loss or damage to covered property, not caused by **“fungus,”** wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that **“fungus,”** wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
- e. The terms of this Limited Coverage do not increase or reduce the coverage provided under **D. Additional Coverage – Collapse** or **E.1. Water Damage, Other Liquids, Powder or Molten Material Damage.**
- f. The following, **f.(1)** or **f.(2)**, applies only if Business Income and/or Extra expense coverage applies to the described **“premises”** and only if the suspension of **“operations”** satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.
- (1) If the loss which resulted in **“fungus,”** wet or dry rot or bacteria does not in itself necessitate a suspension of **“operations,”** but such suspension is necessary due to loss or damage to property caused by **“fungus,”** wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - (2) If a covered suspension of **“operations”** was caused by loss or damage other than **“fungus,”** wet or dry rot or bacteria but remediation of **“fungus,”** wet or dry rot or bacteria prolongs the **“period of restoration,”** we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the **“period of restoration”**), but such coverage is limited to 30 days. The days need not be consecutive.

The Limit of Insurance for this Coverage Extension is in addition to the applicable Limit of Insurance

shown in the Declarations.

F. Definitions

1. "**Buildings**" means buildings or structures.
2. "**Computer Property**" means "**data**," "**hardware**" and "**media**."
 - a. "**Data**" means facts, figures, concepts or instructions that are in a form that can be communicated, interpreted, or processed by computer systems (including records of accounts receivable and "**valuable papers and records**" when they are converted into "**data**" form).

It does not include Valuable Papers unless converted to electronic form.
 - b. "**Hardware**" means a network of equipment and components which accept information, process and analyze that information according to a plan, and then produces the desired results. It includes disk and tape drives, printers, display screens, remote terminals, computers which control manufacturing or production equipment or machinery, and computerized telephone systems, but it does not include computer "**media**," or production machinery or equipment.
 - c. "**Media**" means materials on which "**data**" can be recorded, such as magnetic tapes, disk packs, paper tapes and cards.
3. "**Flood**" means:
 - a. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; or
 - b. Mudslide or mudflow.
4. "**Fungus**" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
5. "**Loss**" means accidental loss or damage.
6. "**Money**" means:
 - a. Currency, coins and bank notes whether or not in current use; and
 - b. Travelers' checks, register checks and money orders held for sale to the public.
7. "**Operations**" means:
 - a. Your firefighting, ambulance or rescue related activity; and
 - b. The tenantability of a "**premises**," if coverage for Business Income applies to "**Rental Value**."
8. "**Period of Restoration**" means the period of time that:
 - a. Begins:
 - (1) Immediately after the time of direct physical "**loss**" for Business Income Coverage; or;
 - (2) Immediately after the time of direct physical "**loss**" for Extra Expense Coverage;
 - b. Ends on the earlier of:

- (1) The date when the property at the described “**premises**” should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.
- c. “**Period of Restoration**” does not include any increased period required due to the enforcement of any ordinance or law that:
- (1) Regulates the construction, use 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.**”
 - (3) Pertain to “**fungus,**” wet rot, dry rot or bacteria.

The expiration date of this policy will not cut short the “**period restoration.**”

9. “**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.
10. “**Premises**” means a location described in the Declarations that is owned or legally occupied by you and used to conduct your “**operations.**”
11. “**Rental Value**” means:
- a. Total anticipated rental income from tenant occupancy of the “**premises**” described in the Declarations as furnished and equipped by you; and
 - b. Amount of all charges which are legal obligation of the tenant(s) and which would otherwise be your obligations; and
 - c. Fair rental value of any portion of the described “**premises**” which is occupied by you.
12. “**Securities**” means negotiable and non-negotiable instruments or contracts representing either “**money**” or other property and includes:
- a. Tokens, tickets, revenue and other stamps whether or not in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue;

But does not include “**money.**” Lottery tickets held for sale are not “**securities.**”

13. “**Specified Causes of Loss**” means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; sonic boom; riot or civil commotion; vandalism; sprinkler leakage; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

“**Specified Causes of Loss**” does not include expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of “**pollutants**” to the extent required by federal, state or local laws, regulations, or statutes, or any subsequent amendments thereof, enacted to address “**pollutants**” or a legally executed state voluntary program governing the cleanup of “**pollutants**” resulting from the spilling or dripping of gasoline, diesel fuel or other “**pollutants**” while being delivered by vehicles into storage tanks or other

repositories, and/or when vehicles are being fueled.

- 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 the cost of filling sinkholes.
- b. 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.

14. "Stock" means "finished stock," "merchandise," and "stock in process."

- a. "**Finished Stock**" means property that you manufactured or processed which in the ordinary course of your business is ready for packing, shipment or sale.
- b. "**Merchandise**" means goods kept for sale by you that are not the product of your manufacturing or processing operations.
- c. "**Stock in Process**" means raw materials that have undergone any processing or manufacturing but which have not become "**finished stock.**"

15. "Suit" includes an arbitration proceeding to which you must submit or submit with our consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**VOLUNTEER FIRE DEPARTMENT
GUARANTEED REPLACEMENT COST-
BUSINESS PERSONAL PROPERTY**

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE PART

E. Loss Conditions, 7. Valuation, a. (1) (a) is deleted in its entirety as respects to Business Personal Property only.

F. General Conditions, 1. Coinsurance is deleted in its entirety as respects to Business Personal Property only.

This endorsement does not cover mobile property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VOLUNTEER FIRE DEPARTMENT LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE PART

SCHEDULE

Item. No.	Prem. No.	Bldg. No.	Description of Property	Loss Payee (Name & Address)
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The following is added to **E. Loss Conditions, 4. Loss Payment**:

- g.** For covered property in which both you and a loss payee shown in the above **SCHEDULE** have an insurable interest, we will:
 - (1)** Adjust “**losses**” with you; and
 - (2)** Pay any claim for “**loss**” or damage jointly to you and the loss payee, based on the financial interest each has in the property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VOLUNTEER FIRE DEPARTMENT SCHEDULED PROPERTY

This endorsement modifies insurance provided under the following:

**PROPERTY COVERAGE PART
CAUSES OF LOSS FORM**

SCHEDULE

Item No.	Scheduled Property	Deductible	Limit of Insurance
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A. Insuring Agreement

We will cover the property described in the above **SCHEDULE** while it is located anywhere in the world against any cause of direct physical “**loss**” or damage except those Causes of Loss listed in the **Exclusions** section.

B. Exclusions

The following exclusions apply to this endorsement and have the same definitions as described in the **VOLUNTEER FIRE DEPARTMENT PROPERTY COVERAGE FORM** unless otherwise stated:

1. War;
2. Nuclear Hazard;
3. Governmental Action;
4. Neglect;
5. Wear and Tear;
6. Inherent Vice;
7. Dishonesty;

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- 8. Mechanical Breakdown;
- 9. Nesting or Infestation;
- 10. Property Being Worked On;

We will not pay for “**loss**” or damage to property that is being worked on, altered or repaired if the “**loss**” or damage is caused by the work being performed.

- 11. Pollution and Contamination;

We will not pay for “**loss**” or damage caused by or resulting from the release, discharge or dispersal of “**pollutants**” unless the release, discharge or dispersal is caused by a “**specified cause of loss.**” If “**loss**” or damage results, we will pay for the resulting damage caused by a “**specified cause of loss.**”

- 12. Glass Breakage;

We will not pay for chipping, marring, scratching, or breaking of glass or other fragile property. However, we will pay for breakage to:

- a. Scientific instruments’ lenses;
- b. Cameras, musical instruments and stained glass, including damage; and

We will also not pay for breaking, chipping, marring or scratching caused directly by fire, lightning, windstorm or hail, explosion, aircraft, strike, riot and civil commotion, vandalism or malicious mischief, “**flood,**” earthquake, volcanic action, theft or attempted theft, collapse of a building or other structure, or an accident to a vehicle carrying the covered property.

C. Newly Acquired Scheduled Property

If you acquire any additional property similar to property described in the above **SCHEDULE**, we will pay up to \$10,000 for that property. Coverage will apply up to 60 days after you acquire the property or until the policy expires, whichever occurs first. You agree to notify us as soon as possible of the value of the additional property and pay an additional premium from the date you acquire the property.

D. Coverage Limitations

The most we will pay for the scheduled property is stated in the above **SCHEDULE** under Limit of Insurance. If the **SCHEDULE** shows a coverage limit for one item, the limit shown is agreed to be the value of the item and the amount we will pay if the item is lost or destroyed.

We will also pay reasonable expenses you incur in removing the damaged property if debris removal is necessary after a covered “**loss,**” provided those expenses are reported to us within 180 days after the date of the “**loss.**” But we will not pay any expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of “**pollutants**” to the extent required by federal, state or local laws, regulations, or statutes, or any subsequent amendments thereof, enacted to address “**pollutants**” or a legally executed state voluntary program governing the cleanup of “**pollutants.**” We also will not pay any expense related to the removal of “**fungus,**” wet rot, dry rot, bacteria or asbestos.

E. Other Provisions

Coverage provided by this endorsement is separate from any other property coverage provided by the coverage part to which it is attached. However, the Loss Conditions, General Conditions, and Definitions sections of the **VOLUNTEER FIRE DEPARTMENT PROPERTY COVERAGE FORM** and the **VOLUNTEER FIRE DEPARTMENT CAUSES OF LOSS FORM** will apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**VOLUNTEER FIRE DEPARTMENT
GUARANTEED REPLACEMENT COST - BUILDING**

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE PART

E. Loss Conditions, 7. Valuation, a. (1) (a) is deleted in its entirety as respects to “**buildings.**”

F. General Conditions, 1. Coinsurance is deleted in its entirety as respects to “**buildings.**”

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**VOLUNTEER FIRE DEPARTMENT
BOILER AND MACHINERY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**VOLUNTEER FIRE DEPARTMENT PROPERTY COVERAGE FORM
VOLUNTEER FIRE DEPARTMENT CAUSES OF LOSS FORM
BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM
BUSINESS INCOME COVERAGE FORM
EXTRA EXPENSES COVERAGE FORM**

SCHEDULE

Coverage Description	Limit of Insurance
Property Damage	Included within the applicable Limit of Insurance in the Declarations
Business Income and Extra Expense	Included within the applicable Limit of Insurance in the Declarations

The following Sub-limits of Insurance are applicable to each covered location. These sub-limits are part of and not in addition to the Property Damage Limit of Insurance above.

Coverage Extension	Sub-Limit of Insurance
Ammonia Contamination	\$ 100,000
Brands and Labels	Included within the Property Damage Limit of Insurance of this Schedule
Claim Expenses	\$ 10,000
Communication Towers, Antennas, Satellite Dishes and Sirens	\$ 100,000
Contract Penalty Clause	\$ 25,000
Data and Media Upgrade	\$ 25,000
Expediting Expense	\$ 25,000
Fish in Aquariums	\$ 1,000
Fungus, Wet Rot, Dry Rot and Bacteria	\$ 25,000 Property Damage / 30 days Business Income and Extra Expense
Guard Dogs and Pets	\$ 500 for one guard dog or pet / \$ 1,000 per occurrence
Mobile Property	Included within the Property Damage Limit of Insurance of this Schedule
Newly Acquired / Construction Property	Included within the applicable Limit of Insurance in the Declarations
Off Premises Service Interruption – Spoilage	Included within the Spoilage Limit of Insurance of this Schedule
Ordinance or Law	Included within the applicable Limit of Insurance in the Declarations
Pollutant Clean Up and Removal	\$ 25,000
Spoilage	\$ 100,000
Water Damage	\$ 100,000

Additional Deductibles

Equipment	Combined Deductible
All Boilers, Pressure Vessels, Machinery and Equipment, except Mobile Property as covered under Coverage Extension 11.	\$ 500
Mobile Property as covered under Coverage Extension 11.	\$1,000

Premium \$ ██████████

A. Coverage

The most we will pay for “**loss**” as provided under the following Coverages is the applicable Limit of Insurance in the schedule of this endorsement.

1. Property Damage

We will pay for direct physical “**loss**” to Covered Property caused by or resulting from a “**mechanical or electrical breakdown.**”

2. Business Income and Extra Expense

If Business Income or Extra Expense coverage is provided elsewhere in this policy, the applicable coverage is extended to apply to any “**loss**” to Covered Property caused by or resulting from a “**mechanical or electrical breakdown.**”

B. Exclusions

1. For the purposes of this endorsement, the following exclusions and limitations, or parts thereof, listed in the **VOLUNTEER FIRE DEPARTMENT CAUSES OF LOSS FORM** are deleted as respects to the boilers, pressure vessels and machinery and equipment at the described premises, subject to **B. Exclusions** of this endorsement.

B. Exclusions 2.a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

B. Exclusions 2.d.(5) Mechanical breakdown, including rupture or bursting caused by centrifugal force.

B. Exclusions 2.e. Explosion of steam boilers, steam pipes, steam engines, steam turbines owned or leased by you, or operated under your control.

C. Limitations 1.a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment.

C. Limitations 1.b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

2. All other exclusions found in the policy to which this endorsement is attached shall apply to coverage provided under this endorsement.

3. Additional Exclusions

As respects the Boiler and Machinery coverage provided by this endorsement, coverage shall not include “**mechanical or electrical breakdown**” caused by or resulting from:

- a. Damage to any covered boilers, pressure vessels, mechanical or electrical equipment while such equipment is undergoing a test which subjects the equipment to greater than maximum allowable operating conditions as identified by the manufacturer of the equipment.
- b. Damage to or destruction of media, however caused, and regardless of the function of that media;
- c. Depletion, deterioration, corrosion, erosion or wear or tear, and other gradually developing conditions. But if “**mechanical or electrical breakdown**” otherwise covered by this endorsement ensues, we will pay for such ensuing “**mechanical or electrical breakdown.**”
- d. With regard to coverage provided under Coverage Extension **11. Mobile Property**, capsizing, collapse, collision, imbalance, overloading, overturning or upset of:
 - (a) The mobile boiler, pressure vessel, machinery or equipment;
 - (b) The vehicle or floating vessel by which the mobile boiler, pressure vessel, machinery or equipment is transported; or
 - (c) The platform or other base on which the mobile boiler, pressure vessel, machinery or equipment is positioned.

C. Limits

The most we will pay under this endorsement for direct “**mechanical or electrical breakdown**” to Covered Property is the Property Damage Limit of Insurance shown in the schedule of this endorsement.

All “**losses**” covered by this endorsement occurring at any one location which manifests themselves at the same time and are the result of the same cause will be considered a single “**mechanical or electrical breakdown.**” If an initial “**mechanical or electrical breakdown**” covered by this endorsement causes other “**mechanical or electrical breakdowns**” covered by this endorsement, all will be considered a single “**mechanical or electrical breakdown.**”

D. Coverage Extensions

The most we will pay for “**loss**” as provided under the following Coverage Extensions is the applicable Sub-Limit of Insurance in the schedule of this endorsement.

1. Ammonia Contamination

If Covered Property is contaminated by ammonia as a direct result of a “**mechanical or electrical breakdown**” otherwise covered by this endorsement, we will pay for this kind of damage, including salvage expense.

2. Brands and Labels

Coverage provided under this endorsement is extended to include Brands and Labels coverage as provided elsewhere in this policy.

3. Claim Expenses

Coverage provided under this endorsement is extended to include Claim Expenses coverage as provided elsewhere in this policy.

4. Communication Towers, Antennas, Satellite Dishes and Sirens

We will pay for loss or expense that results from a “**mechanical or electrical breakdown**” to pressure vessels, machinery and equipment mounted on communication towers, poles or other structure.

5. Contract Penalty Clause

Coverage provided under this endorsement is extended to include Contract Penalty Clause coverage as provided elsewhere in this policy.

6. Data and Media Upgrade

In the event of “**loss**” to covered electronic data processing “**hardware**” caused by or resulting from a “**mechanical or electrical breakdown**” necessitating the replacement of such “**hardware**,” we will pay for the expenses you incur to convert your “**data**” and “**media**” to the new “**hardware**.”

7. Extra Expediting

Coverage provided under this endorsement is extended to cover the reasonable extra cost of temporary repair and of expediting repair or replacement of Covered Property as a direct result of a “**mechanical or electrical breakdown**” otherwise covered by this endorsement.

8. Fish in Aquariums

We will pay for direct death or destruction of fish in aquariums caused by or resulting from, or made necessary by, a “**mechanical or electrical breakdown**” as covered otherwise under this endorsement.

9. Fungus, Wet Rot, Dry Rot and Bacteria

Coverage provided under this endorsement is extended to include Fungus, Wet Rot, Dry Rot and Bacteria coverage as provided elsewhere in this policy.

10. Guard Dogs

We will pay for direct death or destruction of a “**guard dog**” or pet caused by or resulting from, or made necessary by, a “**mechanical or electrical breakdown**” as covered otherwise under this endorsement.

11. Mobile Property

a. Coverage provided under this endorsement is extended to mobile boilers, pressure vessels and machinery and equipment, including cranes and hoists, transported by or mounted on portable firefighting, ambulance or rescue related vehicles or floating vessels while located at your “**premises**” or while away from your “**premises**” in the course of conducting department related duties, if the following conditions are met.

- (1) You own the mobile equipment or it is in your care, custody or control and for which you are legally liable;
- (2) The mobile equipment is operated by you or by someone you have designated to operate it;
- (3) The mobile equipment is not in transit, but is located at a fixed location within the Coverage Territory; and
- (4) The mobile equipment is in use or connected and ready for use.

- b. Coverage provided under **11.a.** above applies despite paragraph **F.2.b.(1)(j)** of this endorsement. Mobile boilers, pressure vessels and machinery and equipment may be used with, mounted on or transported by a vehicle or floating vessel. But coverage provided under this coverage extension does not apply to any equipment used in the operation or propulsion of the vehicle or floating vessel.
- c. Coverage provided under **11.a.** above for cranes and hoists applies despite paragraph **F.2.b.(1)(e)** of this endorsement.

12. Newly Acquired / Constructed Property

Coverage provided under this endorsement is extended to include Newly Acquired Property and Newly Constructed Property coverages as provided elsewhere in this policy.

13. Off Premises Service Interruption - Spoilage

- a. Spoilage coverage as provided under Coverage Extension **17. Spoilage** of this endorsement is extended to include spoilage damage that is the direct result of **“mechanical or electrical breakdown”** of boilers, pressure vessels, machinery and equipment that are:
 - (1) Owned by a private or public utility, landlord or other supplier with whom you have a contract to provide you with utility services; and
 - (2) Used to directly supply electrical power, communications services, heating, gas, water, steam or air conditioning to the described premises;

whether or not they are located on the Insured's premises.
- b. The most we will pay under this coverage extension is the amount shown in the Off Premises Service Interruption - Spoilage Sub-limit of Insurance in the schedule of this endorsement.

14. Ordinance or Law

Coverage provided under this endorsement is extended to include Ordinance or Law coverage as provided elsewhere in this policy. The most we will pay under this coverage extension is the amount shown in the Ordinance Sub-limit of Insurance in the schedule of this endorsement.

15. Pollutant Clean Up and Removal

If Covered Property is contaminated by a hazardous substance as the direct result of a **“mechanical or electrical breakdown”** otherwise covered by this endorsement, the most we will pay for expenses to clean up or dispose of such property is \$25,000.

16. Spoilage

If Covered Property spoils from lack of power, light, heat, steam, or refrigeration as a direct result of a **“mechanical or electrical breakdown,”** we will pay for this kind of damage, including salvage expenses.

17. Water Damage

If Covered Property is damaged by water as a direct result of **“mechanical or electrical breakdown”** otherwise covered by this endorsement, we will pay for this kind of damage, including salvage expense.

E. Deductibles

There shall be liability under this endorsement only when the amount of **“loss”** for all coverage provided under this endorsement exceeds the applicable Boiler and Machinery Deductible shown in the schedule of this endorsement.

The applicable deductible shall apply to all loss and expense resulting from one **“mechanical or electrical breakdown”** of the equipment specified in the schedule of this endorsement.

F. Definitions

1. All definitions found in the policy to which this endorsement is attached shall apply to coverage provided under this endorsement.
2. With regard to coverage provided under this endorsement, the following additional definition shall apply:

“Mechanical or Electrical Breakdown”

a. With respect to coverage provided by this endorsement, **“mechanical or electrical breakdown”** means a sudden and accidental breakdown of covered boilers, pressure vessels, machinery and equipment. At the time breakdown occurs, it must become apparent by physical damage that requires repair or replacement of the affected equipment or part of the affected equipment.

b. **“Mechanical or electrical breakdown”** does not mean:

(1) The breakdown of any:

- (a) Boiler, pressure vessel, machinery or equipment that is obsolete or useless to you.
- (b) Boilers, pressure vessels, machinery or equipment manufactured or held for sale by you.
- (c) Boiler setting, insulating or refractory material.
- (d) Catalyst.
- (e) Elevator, crane, hoist, escalator or conveyor, but not including any pressure vessel or electrical equipment used with such a machine.
- (f) Felt, wire, screen, die, mold, form, pattern, extrusion plate, swing hammer, grinding disc, cutting blade, chain, cable, belt, rope, clutch plate, brake pad, nonmetallic part or any part or tool subject to frequent, periodic replacement.
- (g) Nonmetallic vessel, unless it is constructed and used in accordance with the American Society of Engineers (A.S.M.E.) code.
- (h) Oven, stove, furnace, incinerator, pot or kiln.
- (i) Part of a boiler, pressure vessel or electric steam generator that:
 - i. Does not contain steam or water; or
 - ii. Is not under pressure of contents of the vessel; or

- iii. Is not under internal vacuum.
 - (j) Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, well casing, penstock or draft tube.
 - (k) Sewer piping, piping forming a part of a fire protection system or water piping other than:
 - i. Feed water piping between any boiler and its feed pump or injector;
 - ii. Boiler condensate return piping; or
 - iii. Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes; or
 - (l) Structure or foundation.
 - (m) Underground vessels and piping including vessels and piping buried in concrete or sand.
- (2) The functioning of any safety or protective devices.

G. Conditions

1. With regard to coverage provided under this endorsement, paragraph **E. Loss Conditions 7. Valuation** of the **Volunteer Fire Department Property Coverage Form, PI-ULT-007 VF** is deleted and replaced with the following:
2. All other conditions found in the policy to which this endorsement is attached shall apply to coverage provided under this endorsement.
3. With regard to coverage provided under this endorsement, the following additional condition shall apply:

Suspension

If any boiler, pressure vessel, machinery or equipment covered by this endorsement is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the coverage provided by this endorsement for that equipment by written notice mailed or delivered to:

- a. Your last known address; or
- b. The address where the affected equipment is located.

Once suspended in this way, your insurance can be reinstated only by endorsement.

If we suspend your insurance, you will get a pro rata refund for the affected equipment. But the suspension will be effective even if we have not yet made or offered a refund.

4. Jurisdictional Inspections

At your option, we will provide certificate-of-operation inspection services for boilers and other pressure vessels where:

- a. You have notified us of equipment that is insured under this Endorsement and that requires a certificate-of-operation;

- b. The certificate-of-operation is required by state, city or provincial law; and
- c. The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services shall be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

5. Valuation

The following valuation shall apply as respects any “**loss**” to Covered Property that is the direct result of a “**mechanical or electrical breakdown**”:

- a. We will pay you the actual cash value of any boilers, pressure vessels, machinery and equipment that are fifteen (15) years or older. If the damaged property can be restored by the replacement of any part or parts, we will pay only the lesser of:
 - (1) The reasonable cost of the restoration; or
 - (2) The actual cash value of the damaged property.
- b. For all other Covered Property, we will pay the amount you spend to repair or replace such Covered Property with other property of like kind, quality and capacity. Our payment will be the smallest of:
 - (1) The cost to repair the damaged property;
 - (2) The cost to replace the damaged property; or
 - (3) The amount you actually spend that is necessary to repair or replace the damaged property.
- c. **New Generation**
 If a covered boiler, pressure vessel, machinery or equipment cannot be repaired or the cost to repair is more than the cost to replace and you want to replace the damaged boiler, pressure vessel, machinery or equipment with a newer generation of the same capacity we will pay up to 25% more than boiler, pressure vessel, machinery or equipment of like kind, quality and capacity would have cost at the time of the "**mechanical or electrical breakdown.**"

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The following is added to the Common Policy Conditions:

MULTI-YEAR POLICIES

We may issue this policy for a term in excess of twelve months with the premium adjusted on an annual basis in accordance with our rates and rules.

- C.1.** Except as provided in **C.2.** below, the **Appraisal** Condition, if any, is replaced by the following:

- a.** If we and you disagree on the value of the property or the amount of loss ("loss"), either party may make a written request for an appraisal of the loss ("loss"). However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss ("loss") appraised. If so agreed, 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 ("loss"). If they fail to agree, they will submit their differences to the umpire.
- b.** An appraisal decision will not be binding on either party.
- c.** If there is an appraisal, we will still retain our right to deny the claim.

- d.** Each party will:

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

- C.2.** The **Appraisal** Condition in Business Income Coverage Form (And Extra Expense) **CP 00 30** Business Income Coverage Form (Without Extra Expense) **CP 00 32** and Capital Assets Program Coverage Form (Output Policy), **OP 00 01**, Paragraph **A.7.** Business Income And Extra Expense is replaced by the following:

- a.** If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire.
- b.** An appraisal decision will not be binding on either party.
- c.** If there is an appraisal, we will still retain our right to deny the claim.
- d.** Each party will:
- (1)** Pay its chosen appraiser; and
(2) Bear the other expenses of the appraisal and umpire equally.

D.1. This Paragraph, **D.2.**, does not apply to the following:

Farm Liability Coverage Form

Legal Liability Coverage Form

2. The 2-year limitation in the Legal Action Against Us Condition is changed to 5 years.

SERFF Tracking Number: PHLX-125295383 State: Arkansas
Filing Company: Philadelphia Indemnity Insurance Company State Tracking Number: AR-PC-07-026121
Company Tracking Number: ML AR0030402F01
TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package
Portion Only
Product Name: UltimateCover
Project Name/Number: UltimateCover/ML AR0030402F01

Supporting Document Schedules

Satisfied -Name: AR - NAIC P&C TRANSMITTAL DOCUMENT, AR - FORM FILING ABSTRACT F-1, AR - NAIC FORM FILING SCHEDULE, ULT-007 compare, ULT-008 compare

Review Status: Approved 09/26/2007

Comments:

Attachments:

AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF
AR - FORM FILING ABSTRACT F-1.PDF
AR - NAIC FORM FILING SCHEDULE.PDF
ULT-007 compare.PDF
ULT-008 compare.PDF

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #			
Philadelphia Insurance Companies	0677			
4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Philadelphia Indemnity Insurance Company	PA	18058	231738402	

5. Company Tracking Number	ML AR0030402F01
-----------------------------------	-----------------

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Kevin W. O'Brien One Bala Plaza, Suite 100 Bala Cynwyd PA 19004	Compliance Manager	877-438-7459	866-282-7495	kobrien@phlyins.com
7.	Signature of authorized filer		<i>Kevin O'Brien</i>		
8.	Please print name of authorized filer		Kevin W. O'Brien		

Filing Information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	05.1 Commercial Multi-Peril - Non-Liability Portion Only
10.	Sub-Type of Insurance (Sub-TOI)	05.1003 Commercial Package
11.	State Specific Product code(s) (if applicable) [See State Specific Requirements]	
12.	Company Program Title (Marketing Title)	
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: 11/1/07 Renewal: 11/1/07
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	
17.	Reference Organization # & Title	
18.	Company's Date of Filing	9/18/07
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document

20.	This filing transmittal is part of Company Tracking #	ML AR0030402F01
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Philadelphia Indemnity Insurance Company is introducing a property coverage form and endorsements which we plan to use with independent Ultimate Cover Product for risks with volunteer firefighting, ambulance and rescue related exposures. The currently filed Ultimate Cover Property Coverage Form PI-ULT-007 and Causes of Loss Form PI-ULT-008 will not be used as they have been revised specifically for the Volunteer Fire Department Program, under form numbers PI-ULT-007VF (04/07) and PI-ULT-008VF (04/07). The revisions are enhancements to the PI- ULT - 007Ultimate Cover Property Form and to PI - ULT - 008 Ultimate Cover Causes of Loss Form and not reductions in coverage. A copy of these forms with underlined text for new wording, brackets for deleted wording and a revision bar to indicate sections that are revised are also enclosed for your review. (Please note our Ultimate Cover program is filed to use current ISO amendatory endorsements and these will continue to be used with these new forms so that required state provisions are met).

This filing also contains new endorsements for use with the above forms.

1. Volunteer Fire Department Property Coverage Form PI-ULT-007 VF (04/07) affords coverage for the insured's business personal property and/or buildings.
2. Volunteer Fire Department Causes of Loss Form PI-ULT-008 VF (04/07) is a mandatory endorsement that excludes or limits certain causes of loss.
3. Volunteer Fire Department Guaranteed Replacement Cost - Business Personal Property PI-ULT-115 (04/07) is an optional endorsement that provides coverage for business personal property on a guaranteed replacement cost basis.
4. Volunteer Fire Department Loss Payable Provisions PI-ULT-116 (04/07) is an optional endorsement that contains loss payment terms in cases where both the insured and loss payee shown in the schedule have an insurable interest in the property.
5. Volunteer Fire Department Scheduled Property PI-ULT-118 (04/07) is an optional endorsement that provides coverage for property described in the schedule while it is located anywhere in the world, except those causes of loss listed in the exclusion section of the endorsement.
6. Volunteer Fire Department Guaranteed Replacement Cost - Building PI-ULT-119 (04/07) is an optional endorsement that provides coverage for building on a guaranteed replacement cost basis.
7. Volunteer Fire Department Boiler and Machinery Endorsement PI-ULT-120 (04/07) is an optional endorsement that affords coverage for the insured's property that sustains damage resulting from a mechanical or electrical breakdown.

22.	Filing Fees (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]				
<table style="width: 100%; border: none;"> <tr> <td style="width: 15%;">Check #:</td> <td>42132</td> </tr> <tr> <td>Amount:</td> <td>\$50.00</td> </tr> </table> <p style="text-align: center; margin-top: 20px;">Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>		Check #:	42132	Amount:	\$50.00
Check #:	42132				
Amount:	\$50.00				

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

ARKANSAS INSURANCE DEPARTMENT

FORM FILING ABSTRACT

ALL QUESTIONS MUST BE ANSWERED

Companies filing for a group may use a consolidated abstract if all forms are identical.

1. Date Filed 9/18/07

2. Company Name(s) Philadelphia Indemnity Insurance Company

Group Name Philadelphia Insurance Companies NAIC No. 18058 Group No. 0677

3. (a) Annual Statement Line of Business Number (Page 14) 5.1

(b) Class of Business Volunteer Fire

© Coverages Affected Property

4. (a) Name of Advisory Organization, if any ISO

(b) Affiliations with Advisory Organization: Member () Subscriber ()

5. Is this a reference filing? Yes () No () If yes, please provide the following:

(a) Name of Advisory Organization (or Affiliated Company) _____

(b) Date of Filing _____

© Filing Designation Number or Description _____

PROVIDE THE INFORMATION REQUESTED ON PAGE 2 OF THIS FORM

7. Has the form(s) been approved for use in your domiciliary state and/or other states?
yes

8. Is the form filed in response to or due to legislation? If so, specify legislation.
no

9. Is the form in response to or due to recent court decisions? If so, give citation.
no

THIS INFORMATION IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Kevin O'Brien

Signature

Kevin W. O'Brien

Title

610-617-7752

Telephone Number

Old Form No.	Proposed Effective Date of New Form	New Form No.	Title of the Form(s); also Indicate Withdrawals: Provide Synopsis of Coverage
	11/1/07	PI-ULT-007 VF 04/07	Volunteer Fire Department Property Coverage Form
	11/1/07	PI-ULT-008 VF 04/07	Volunteer Fire Department Causes of Loss Form
	11/1/07	PI-ULT-115 04/07	Volunteer Fire Department Guaranteed Replacement Cost - Business Personal Property
	11/1/07	PI-ULT-116 04/07	Volunteer Fire Department Loss Payable Provisions
	11/1/07	PI-ULT-118 04/07	Volunteer Fire Department Scheduled Property
	11/1/07	PI-ULT-119 04/07	Volunteer Fire Department Guaranteed Replacement Cost - Building
	11/1/07	PI-ULT-120 04/07	Volunteer Fire Department Boiler and Machinery Endorsement

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.)

1.	This filing transmittal is part of Company Tracking #	ML AR0030402F01
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2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	n/a
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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	Volunteer Fire Department Property Coverage Form	PI-ULT-007 VF 04/07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Volunteer Fire Department Causes of Loss Form	PI-ULT-008 VF 04/07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Volunteer Fire Department Guaranteed Replacement Cost - Business Personal Property	PI-ULT-115 04/07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Volunteer Fire Department Loss Payable Provisions	PI-ULT-116 04/07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Volunteer Fire Department Scheduled Property	PI-ULT-118 04/07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06	Volunteer Fire Department Guaranteed Replacement Cost - Building	PI-ULT-119 04/07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07	Volunteer Fire Department Boiler and Machinery Endorsement	PI-ULT-120 04/07	<input checked="" 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		
11			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

Additions are underlined. Omissions are in [brackets].

VOLUNTEER FIRE DEPARTMENT PROPERTY COVERAGE FORM

The following is a summary of Additional Coverages or Coverage Extensions that are included in the Volunteer Fire Department Property Coverage Form.

Coverage Applicable	Limit of Insurance	Page #
Additional Coverages		
Arson Reward	\$25,000	
Brands and Labels	Included in Business Personal Property Limit	
Claim Expenses	\$10,000	
Computer Upgrade	Actual Loss Sustained	
Computer Virus Extraction Expense	<u>\$250,000</u>	
Consequential Damage	\$25,000	
Contract Penalty Clause	\$25,000	
Debris Removal	<u>Actual Loss Sustained</u>	
Fines for False Alarms	\$2,500 per occurrence/ \$5,000 aggregate	
Fire, Sprinkler or Burglar Alarm Upgrade	\$50,000	
Pollutant Clean Up and Removal	\$25,000	
Preservation of Property	Actual Loss Sustained	
Recharge or Refill of Fire Protection System	Actual Loss Sustained	
Theft Damage to Buildings	Included in Building Limit	
Worldwide Coverage	\$25,000	
Coverage Extensions		
Accounts Receivable	<u>Actual Loss Sustained</u>	
Business Personal Property Off Premises	Up to the Business Personal Property Limit	
<u>Communication Towers, Antennas, Satellite Dishes and Sirens</u>	<u>Actual Loss Sustained</u>	
Excavations and Landscaping	<u>Actual Loss Sustained</u>	
Fish in Aquariums	\$1,000	
Guard Dogs <u>and Pets</u>	\$500 any one guard dog or pet/\$1,000 per occurrence	
Lost Key Replacement	\$2,500	
Newly Acquired Property/ New Property in the Course of Construction	\$1,000,000 Building Limit/ \$500,000 Business Personal Property Limit	
Ordinance or Law – Undamaged Portion Ordinance or Law – Demolition	Included in Building Limit 100% of amount paid for loss under Ordinance or Law Coverage 100% of amount paid for loss under Ordinance or Law Coverage	
Ordinance or Law – Increased Cost of Construction		
Personal Effects	Actual Loss Sustained/\$2,000	
Personal Effects – Spouses	\$2,000/person; \$5,000/occurrence	
<u>Property of Others Used in Emergencies</u>	<u>Actual Loss Sustained</u>	
Valuable Papers and Records	Actual Loss Sustained	

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

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

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**" to Covered Property caused by or resulting from any of the Covered Causes of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means the following types of property for which a Limit of Insurance is shown in the Declarations.

a. Your Business Personal Property, and similar property of others in your care, custody or control:

- (1) Located in or on the "**buildings**" described in the Declarations [or within 1,000 feet of the described "**premises**";]
- (2) In transit; and
- (3) Property at locations not specifically identified, including property in the care, custody or control of salespersons, property at exhibitions, [and] trade shows, and displays;

Consisting of the following:

- (a) Furniture and fixtures;
- (b) Machinery and equipment;
- (c) "**Stock**";
- (d) "**Fine Arts**"

If the total value of "**Fine Arts**" is over \$25,000 they must be listed in a schedule on file with us;

- (e) "**Computer Property**";
- (f) All other personal property owned by you and used in your business;
- (g) Labor, materials or services furnished or arranged by you on personal property of others;
- (h) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

- (i) Made a part of the "**buildings**" you occupy but do not own; and
- (ii) You acquired or made at your expense but cannot legally remove;
- (i) Building glass for which you have a contractual responsibility as tenant, including encasement frames, alarm tape, lettering and ornamentation; and
- [(j)]Communication towers, antennas or satellite dishes including their lead-in wiring, masts and guy wires; and]

[(k)] (j)Signs; and

b. "Buildings" described in the Declarations including:

- (1) Building glass;
- (2) Completed additions;
- (3) Permanently installed[;];
 - (a) Fixtures;
 - (b) Machinery; and
 - (c) Equipment;
- (4) Outdoor fixtures, including awnings;
- (5) Fences;
- (6) Personal property owned by you that is used to maintain or service the "**buildings**" or their "**premises**", including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings;
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (e) Alarm, communication and monitoring systems;
 - (f) Tools;
 - (g) Lawn care equipment.
- (7) If not covered by other insurance:
 - (a) Alterations and repairs within, or on the exterior of, the existing "**buildings**";

- (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described "**premises**", or in the open (including property inside vehicles) used for making alterations, additions, or repairs to [the existing]"**buildings**";
- (8) Foundations of covered "**buildings**", machinery and boilers and foundations of equipment and machinery, whether above or below ground;
- (9) Underground pipes, flues and drains;
- (10) Retaining walls that are not part of "**buildings**";
- (11) Bridges, roadways, walks, patios, parking lots, and other paved surfaces, including in-ground pools.
- (12) Air cascade units that are not designed to be used off "**premises**";
- (13) All appurtenant buildings or structures.

2. Property Not Covered

Covered Property does not include:

- a. Aircraft, watercraft, or railroad rolling stock;
- b. Animals, birds or fish except as provided under the Coverage Extensions;
- c. Automobiles held for sale;
- d. Pilings, piers, wharves or docks;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. "**Money**" or "**securities**";
- g. The cost of excavations, grading, filling or backfilling, all except as provided under the Coverage Extensions;
- h. Land (including land on which the property is located), water, growing crops, standing timber [or lawns;]
- i. 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;
- j. Vehicles or self-propelled machines that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described "**premises.**"

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse; or
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale;
- k. The following property while outside of "**buildings**":
 - (1) Grain, hay, straw or other crops;
 - (2) Trees, shrubs or plants (other than "**stock**" of trees, shrubs or plants) except as provided in the Coverage Extensions;
- l. Property that is covered under any import or export ocean marine insurance policy;
- m. After delivery to customers, property that you have sold under a conditional sale or trust agreement, installment payment or other deferred payment plan;
- n. Property of others for which you are responsible as a:
 - (1) Carrier for hire; or
 - (2) Carloader, consolidator, transportation broker, freight forwarder, shipping association or arranger of transportation;
- o. "**Fine Arts**", if the total value of such property is greater than \$25,000, unless such property is listed in a Schedule on file with us;
- p. "**Data**" and "**media**" which cannot be reproduced or replaced with others of the same kind or quality;
- q. Property which is intended for installation at a "**premises**" you do not own, lease or control, after it has left your "**premises**"; [and]
- r. (1) "**Buildings**"; or
 - (2) Additions to existing "**buildings**";In the course of construction, except as provided in the Additional Coverages; and
- s. "Personal effects" belonging to you or your volunteers or employees.

3. Covered Causes of Loss

See the Causes of Loss Form.

4. Additional Coverages

[The most we will pay in any one occurrence for each of the following Additional Coverages is as stated under each, unless a different limit is shown in the Superseding Limits section of the Additional Coverage Summary Declarations.]

The Additional Coverages listed in this form apply at each location listed in the Declarations.

The most we will pay in any one occurrence at each location for each of the following Additional Coverages is stated below.

[k.] a. Arson Reward

In the event that a covered fire "**loss**" was the result of an act of arson, we will reimburse you up to \$25,000 for rewards you pay for information leading to conviction of the person or persons responsible for that act of arson. This is additional insurance. The Coinsurance Condition and Deductible do not apply to this Additional Coverage.

[i.] b. Brands and Labels

If your "**stock**" is damaged as a result of any of the Covered Causes of Loss, you have two options when you do not want to sell it under your brand or label even though it has a salvage value. You can:

- (1) Remove the brand or label and then relabel the "**stock**" to comply with the law; or
- (2) Label the damaged "**stock**" as salvage but, in doing so, cause no further damage to the damaged "**stock**."

We will pay the cost of removing and relabeling your "**stock**."

In either case, we will pay the difference between the salvage value of the damaged "**stock**" with the brand and label attached, and the salvage value of the damaged "**stock**" with the brand and label removed.

This Additional Coverage does not increase the Limits of Insurance provided by this Coverage Form.

[o.] c. Claim Expenses

In the event of a covered "**loss**," we will pay for all reasonable expenses you incur at our request to assist us in:

- (1) The investigation of a claim; or
- (2) The determination of the amount of "**loss**," such as taking inventory.

We will not pay for:

- (1) Expenses to prove that "**loss**" is covered;
- (2) Expenses incurred under Loss Conditions **E.2., Appraisal**; or
- (3) Expenses billed by and payable to independent or public adjusters.

The most we will pay under this Additional Coverage is \$10,000. This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

No deductible applies to this Additional Coverage.

[m.] d. Computer Upgrade

- (1) In the event of "**loss**" to covered electronic data processing "**hardware**" caused by or resulting from a Covered Cause of Loss, we will allow you to use the amount we pay you for that "**loss**" to purchase upgraded electronic data processing "**hardware**".
- (2) If you choose to upgrade that equipment, we will pay for the expenses you incur to convert your "**data**" and "**media**" to the upgraded system.

This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

[i.] e. Computer Virus Extraction Expense

We will pay:

- (1) Your expenses to extract a "**computer virus**" from covered electronic data processing "**hardware**", "**data**" and "**media**," including upgrades or replacement of hardware, data or media.
- (2) "**Business income**" or "**extra expense**" if your "**operations**" are interrupted because of loss or damage to "**data**" or "**media**."

We will pay the actual cost of reproducing or replacing the lost or damaged "**data**" and "**media**" or the cost to replace the blank "**media**" with substantially identical property.

The most we will pay for "**computer virus**" extraction expenses in any one occurrence is [\$2,500] \$250,000.

This Additional Coverage is the only portion of this policy that provides coverage for a "**computer virus**" extraction loss, regardless of any other cause or event that contributes concurrently or in any sequence to the "**loss**".

This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

[j.] f. Consequential Damage

We will pay for "**consequential damage**" to covered Business Personal Property caused by or resulting from any of the Covered Causes of Loss.

The most we will pay under this Additional Coverage in any one occurrence is \$25,000.

This Additional Coverage does not increase the Limits of Insurance provided by this Coverage Form.

[n.] g. Contract Penalty Clause

We will pay for any contractual penalties you are required to pay to your customers as a result of any clause in your contracts for failure to timely deliver your product according to the contract terms. The penalties must result solely from direct physical "**loss**" to Covered Property caused by or resulting from any of the Covered Causes of Loss.

The most we will pay for penalties for all contracts in any one occurrence is \$25,000.

This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

[a.] h. Debris Removal

[(1)] We will pay your expenses to remove debris of Covered Property caused by or resulting from any of the Covered Causes of Loss that occur 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."**

[(2)(a)] The most we will pay under this Additional Coverage in any one occurrence is 25% of:

- (i)** The amount we pay for the direct physical **"loss"** to Covered Property; plus
- (ii)** The Deductible in this Coverage Form applicable to that **"loss."**

Debris removal expense does not include or any expense related to the removal of **"fungus,"** wet rot, dry rot, bacteria or asbestos.

This limit does not increase any applicable Limits of Insurance provided by this Coverage Form.

(b) But if either:

- (i)** The sum of direct physical **"loss"** and Debris Removal expenses exceeds the applicable Limit of Insurance; or
- (ii)** The Debris Removal expenses exceed the amount payable under the 25% limitation in subparagraph **(2) (a)** above;

We will pay up to an additional \$250,000 for each described **"premises"** in any one occurrence.

This limit is in addition to the applicable Limits of Insurance provided by this Coverage Form.

(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.]

This Additional Coverage does not apply to costs to extract **"pollutants"** from land or water; or remove, restore or replace polluted land or water.

This Additional Coverage is in addition to the applicable Limits of Insurance shown in the Declarations.

[d.] i. Fines for False Alarms

We will pay any fines you[r] are assessed that you are legally obligated to pay under local or state ordinances, regulations or laws, for any false alarms sent in to police or fire stations or to central monitoring stations by fire, burglar or sprinkler alarms installed to protect Covered Property at described "**premises**" or in safes or vaults on described "**premises.**"

The most we will pay in any one occurrence is \$2,500, but no more than \$5,000 in any one policy year. This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

No Deductible applies to this Additional Coverage.

[c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from any of the Covered Causes of Loss, we will pay for your liability of fire department service charges:

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

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

This Additional Coverage is in addition to the applicable Limits of Insurance provided by this Coverage Form.

No deductible applies to this Additional Coverage.]

[e.] j. Fire, Sprinkler or Burglar Alarm Upgrade

In the event of a total "**loss**" to covered fire, sprinkler or burglar alarm systems at described "**premises**" caused by or resulting from any of the Covered Causes of Loss, we will pay for the cost to purchase upgraded equipment.

The most we will pay in any one occurrence is \$50,000. This Additional Coverage does not increase the Limits of Insurance provided under this Coverage Form.

[f.] k. Pollutant Clean Up and Removal

We will pay your expenses 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 any of the Covered Causes of Loss that occur during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Causes of Loss occur.

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 \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

This Additional Coverage is in addition to the applicable limits of insurance provided by this Coverage Form.

[b.] l. Preservation of Property

If it is necessary to move Covered Property from the described “**premises**” to preserve it from “**loss**” by any of the Covered Causes of Loss, we will pay for any direct physical “**loss**” to that property:

- (1) While it is being moved or while temporarily stored at another “**premises**”; and
- (2) Only if the “**loss**” occurs within 90 days after the property is first moved.

[This Additional Coverage does not increase the Limits of Insurance provided under this Coverage Form.]

This Additional Coverage is in addition to the applicable Limits of Insurance shown in the Declarations.

[g.] m. Recharge or Refill of Fire Protection System

We will pay your expenses to recharge or refill automatic fire protection systems and hand-held extinguishers when such systems are discharged as the result of any of the Covered Causes of Loss or when there is an accidental discharge in the absence of a Covered Cause of Loss.

[We will not pay recharging or refilling expenses if the discharge occurred while the system was being tested.]

This Additional Coverage applies regardless of whether the fire extinguishing equipment itself is damaged. The fire extinguishing equipment must be for the protection of and located at a “**premises**.”

No Deductible applies to this Additional Coverage.

This Additional Coverage is in addition to the applicable limits of insurance provided by this Coverage Form.

[This Additional Coverage does not increase the Limits of Insurance provided by this Coverage Form.]

[h.] n. Theft Damage to “Buildings”

We will pay for “**loss**” to “**buildings**” (including equipment within the “**buildings**” used to maintain or service the “**buildings**”) caused by theft or attempted theft of Covered Business Personal Property.

This Additional Coverage is applicable only to the “**premises**” where you are a tenant and are liable for such damage.

This Additional Coverage does not increase the Limits of Insurance applicable to “**building**” coverage.

[p.] o. Worldwide Coverage

We will pay for “**loss**” to Covered Property:

(1) In transit, other than in the custody of a mail carrier, to or from:

(a) The United States of America;

(b) Canada; or

(c) Territories or possessions of the United States of America; and

Points worldwide, except those excluded below. This coverage applies from the delivery of the Covered Property at the point of origin shown in the bill of lading until it is discharged at the destination shown in the bill of lading.

(2) At locations outside the Coverage Territory, while it is in the custody of directors, officers or employees who are traveling in the conduct of your business, except in those countries listed below.

(3) This Additional Coverage does not apply to property located in, or in transit to, from or within, Afghanistan, Albania, Cambodia, Cuba, El Salvador, Guatemala, Haiti, Honduras, Iraq, Iran, Laos, Lebanon, Libya, Myanmar, Nicaragua, North Korea, Syria, Republics formerly a part of the Union of Soviet Socialist Republics, Vietnam, or Yugoslavia or Republics formerly a part of Yugoslavia.

The most we will pay in any one occurrence is \$25,000. This Additional Coverage is in addition to the applicable Limits of Insurance under this Coverage Form.

5. Coverage Extensions

The Coverage Extensions listed in this form apply at each location listed in the Declarations.

Except as otherwise provided, the following Coverage Extensions apply to property located in or on the “**buildings**” described in the Declarations or within 1,000 feet of the described “**premises**.”

The most we will pay in any one occurrence at each location for each of the following Coverage Extensions is [as stated under each, unless a different limit is shown in the Superseding Limits column of the Additional Coverage Summary Declarations.] stated below.

[e.] a. Accounts Receivable

We will pay the following “**loss**” and expenses which are the direct result of “**loss**” to accounts receivable records caused by or resulting from any of the Covered Causes of Loss:

(1) All sums due you from customers, provided you are unable to collect;

(2) Interest charges on any loan to offset amounts you are unable to collect pending our payments of these accounts;

(3) Collection expenses in excess of your normal collection expenses made necessary because of “**loss**”; and

- (4) Other reasonable expenses you incur to re-establish your records of accounts receivable following such "loss".

Accounts receivable also includes "losses" or costs you incur if you have to remove accounts receivable records from a "premises" to a place of safety in order to protect them from the threat of a Covered Cause of Loss. Accounts receivable are amounts owed to you by those with whom you deal.

We will not pay for [(1)] "Loss" that requires any audit of records or any inventory computation to prove its factual existence[;].

This coverage extension is in addition to the applicable Limits of Insurance provided by this Coverage Form.

[The most we will pay under this Coverage Extension in any one occurrence is \$250,000.]

b. Business Income and Extra Expense

If the Business Income and Extra Expense Coverage Form is attached to this policy, all of the provisions in the form will apply except for the following which is amended:

A. Coverage, 4., b. Civil Authority

The coverage for Business Income will begin immediately after the time of that action.

A. Coverage 4. g. Fund Raising is added:

g. Fund Raising Events at Non Owned Locations

(1) We will pay for the actual "loss" of Business Income and any Extra Expense incurred due to the interruption of fundraising activities. This interruption must be caused by direct physical "loss" caused by or resulting from any Covered Cause of Loss.

(2) We will pay for the actual loss of Business Income you sustain and necessary Extra Expenses you incur caused by action of Civil Authority that prohibits access to the location of your fundraising event due to direct physical "loss" to property caused by or resulting from any Covered Cause of Loss.

(3) The following will not be included in determining the amount of Business Income:

(a) Loss of revenue from fundraising events that are cancelled or postponed;

(b) Donations and contributions received by you during the interrupted period because of your interrupted "operations";

(4) If a regularly scheduled fundraising event for your "operations" occurs during the interrupted period, we will include the revenue as income only if the event does not produce an amount of revenue at least equal to the same event in prior years because of the interruption of your "operations."

G. Definitions, 6. "Period of Restoration"

Subparagraph a. (1) is deleted and replaced with the following:

a. (1) Immediately after the time of direct physical “loss” for Business Income coverage; or

Subparagraph b. (3) is added as follows:

c. (3) Pertains to “fungus,” wet rot, dry rot or bacteria.

[Each of these Coverage Extensions is additional insurance, unless otherwise indicated.]

c. Business Personal Property Off Premises

Coverage for Your Business Personal Property is extended to apply to your 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 or on a vehicle.

The most we will pay for “loss” or damage under this extension is the Business Personal Property Limit of Insurance shown in the Declarations. This limit is included within and is not in addition to the Business Personal Property Limit of Insurance.

This coverage extension does not apply to “mobile property.”

d. Communication Towers, Antennas, Satellite Dishes and Sirens

Your Business Personal Property, “Business Income” and “Extra Expense” coverages are extended to include communication towers, sirens, antennas or satellite dishes including their lead-in wiring, masts and guy wires, similar structures and related equipment that are located off your “premises” but provide service to your “premises” shown in the Declaration.

This coverage extension is in addition to the applicable Limits of Insurance provided by this Coverage Form.

[f.] e. Excavations and Landscaping

We will pay for:

- (1) Your reasonable costs for excavations, grading, filling or backfilling at a described “premises” made necessary by direct physical “loss” to Covered Property caused by or resulting from any of the Covered Causes of Loss; and
- (2) Direct physical “loss” to your outdoor trees, shrubs [and] plants, and lawns including debris removal expenses, caused by or resulting from any of the following Causes of Loss:
 - (a) Fire;
 - (b) Lightning;
 - (c) Explosion;
 - (d) Riot or Civil Commotion; [or]

(e) Aircraft.

(f) Vandalism; or

(g) Malicious Mischief.

We will pay for the replacement of trees, shrubs, and plants with like, kind and quality.

This coverage extension is in addition to the applicable Limits of Insurance provided by this Coverage Form.

This Coverage Extension does not apply to "**stock**" of trees, shrubs and plants.

[The most we will pay under this Coverage Extension in any one occurrence is \$25,000.]

[i.] f. Fish in Aquariums

We will pay for direct death or destruction of fish in aquariums caused by or resulting from, or made necessary by, any of the following Causes of Loss at the described "**premises**":

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion;
- (5) Aircraft; or
- (6) Interruption of power supply service to the described "**premises**", when the cause of the event occurs more than 1,000 feet from the "**premises**".

This Coverage Extension does not apply to death or destruction of "**stock**" held for sale.

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

No deductible applies to this Coverage Extension.

g. Guard Dogs and Pets

We will pay for direct death or destruction of a "**guard dog**" or pet caused by or resulting from, or made necessary by, any of the following Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion
- (4) Theft;
- (5) Vandalism (including shooting or poisoning);
- (6) Vehicles; or

(7) Collision, upset or overturn of the vehicle transporting the "**guard dog**" or pet.

As respects to "**guard dogs**," the Cause of Loss must occur at the described "**premises**" and during other than normal business hours, or while the "**guard dog**" is being transported to or from the described "**premises**". This Additional Coverage does not apply to death or destruction of "**stock**" held for sale.

The most we will pay for any one "**guard dog**" or pet is \$500, but not more than \$1,000 in any one occurrence.

No Deductible applies to this Coverage Extension.

h. Inflation Guard

The Limit of Insurance for property to which this coverage applies will automatically increase by the annual percentage shown in the Declarations.

The amount of increase will be:

- (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
- (2) The percentage of annual increase shown in the Declarations, expressed as a decimal, times
- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

[k.] i. Lost Key Replacement

In the event of the theft or disappearance of a master key to "**buildings**", rooms or compartments at described "**premises**" in which covered business personal property is located, we will pay the actual and necessary expenses you incur to:

- (1) Replace the key; and
- (2) (a) Adjust existing locks to accept the new key; or
(b) Replace the lock;

Whichever is less.

The most we will pay under this Coverage Extension is \$2,500.

No deductible applies to this Coverage Extension.

[a.] i. Newly Acquired Property

We will pay for direct physical "**loss**" to:

- (1) "**Buildings**" and business personal property you acquire; and

(2) "**Buildings**" which you have had constructed after:

- (a) Construction is completed; and
- (b) You have accepted the "**buildings**" for occupancy; and
- (c) A Certificate of Occupancy has been issued by a civil or regulatory agency or authority that has jurisdiction over the "**buildings**";

At any "**premises**" caused by or resulting from any of the Covered Causes of Loss.

[The most we will pay under this Coverage Extension for "**loss**" to "**buildings**" and business personal property combined in any one occurrence is \$1,000,000.]

This Coverage Extension does not increase the Limit of Insurance for "**buildings**" and business personal property at unspecified "**premises.**"

This Coverage Extension for each Newly Acquired or Constructed Property will end when any of the following first occurs:

- (1) This policy expires;
- (2) 180 days expire after you acquire the property or have completed construction; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or construction is completed.

[b.] k. [New Construction] New Property in the Course of Construction

We will pay for direct physical "**loss**" caused by or resulting from any of the Covered Causes of Loss to:

- (1) "**Buildings**"; or
- (2) Additions to existing "**buildings**";

In the course of construction at any "**premises,**" if the construction began after the inception date of this policy. We do not cover "**buildings**" which you construct to sell to others or for the account of others.

[The most we will pay in any one occurrence is \$500,000.]

This Additional Coverage will end when any of the following first occurs:

- (1) This policy expires;
- (2) [60] 90 days expire after construction begins; or
- (3) You report the new construction to us;

We will charge you additional premium for values reported from the date construction begins.

The most we will pay under **Coverage Extensions k. Newly Acquired Property** and **I. New Property in the Course of Construction** in any one occurrence for "loss" to "buildings" is \$1,000,000.

The most we will pay under **Coverage Extensions k. Newly Acquired Property** and **I. New Property in the Course of Construction** in any one occurrence for "loss" to business personal property is \$500,000.

[This Additional Coverage is] These Coverage Extensions are in addition to the applicable Limits of Insurance shown in the Declarations.[provided by this Coverage Form.]

[j.] L. Ordinance or Law

If a Covered Cause of Loss occurs to a covered "**building**", we will pay for:

- (1) Loss to the undamaged portion of the "**building**" caused by enforcement of any ordinance or law that:
 - (a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss; and
 - (b) Regulates the construction or repair of "**buildings**" or establishes zoning or land use requirements at the described "**premises.**"

This coverage is included within the Limit of Insurance applicable to the covered "**buildings**" shown in the Ultimate Cover Program Declarations.

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

[The most we will pay for such demolition costs is \$250,000 in any one occurrence.]

- (3) We will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

However, we will not pay for the increased cost of construction if the "**building**" is not repaired or replaced.

The most we will pay under (2) and (3) above shall not exceed 100% of the amount paid under this coverage part for the initial direct physical loss or damage to a building or structure at a described "**premises.**" This limit is in addition to the applicable limits of insurance shown in the Declarations.

[The most we will pay for such increased cost of construction is \$250,000 in any one occurrence.]

Insurance under this Coverage Extension applies only with respect to an ordinance or law that is in effect at the time of "**loss.**" Insurance under this Additional Coverage does not apply to costs:

- (1) Associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way to respond to or assess the effects of "**pollutants**";
- (2) Due to an ordinance or law that was in effect before the "loss" or damage occurred, and with which you failed to comply even though you were required to do so; or
- (3) Due to "fungus," wet rot, dry rot or bacteria.

[c.] m. Personal Effects

- [(1)]** [We will pay for direct physical "**loss**" to cellular phones and other portable electronic equipment owned by your employees and used in your business, while they are away from described "**premises**," caused by or resulting from any of the Covered Causes of Loss. The most we will pay for such "**loss**" is \$1,000 for property of any one employee and \$2,500 in any one occurrence.]
- [(2)] 1** We will pay actual replacement cost for direct physical "**loss**" to "**personal effects**" of your directors, officers, [partners], trustees, [and] employees, and volunteers while they are traveling anywhere in the world in the conduct of your business, caused by or resulting from any of the Covered Causes of Loss. [The most we will pay for such "**loss**" in any one occurrence is \$1,000.]
2. For all other persons, other than spouses, we will pay \$1,500 for the "**personal effects**" of any one person.
- [(3)]** [We will pay for direct physical "**loss**" to "**personal effects**" owned by you, your officers, your partners or your employees caused by or resulting from any of the Covered Cause of Loss at a described "**premises**." The most we will pay for such "**loss**" is \$25,000 at any one described premises.]

This coverage is primary regardless if the owner of the "**personal effects**" has other applicable insurance coverage. No Deductible applies to this Coverage Extension.

This limit is included within and is not in addition to the Business Personal Property Limit of Insurance.

[d.] n. Personal Effects - Spouses

We will pay for direct physical "**loss**" to "**personal effects**" belonging to spouses of your directors, officers, trustees, or partners when such spouses are traveling with your directors, officers, trustees or partners who are traveling anywhere in the world in the conduct of your business, caused by or resulting from any of the Covered Causes of Loss. The most we will pay for such "**loss**" is [\$500] \$2,000 for any one person or [\$1,000] \$5,000 in any one occurrence.

No Deductible applies to this Coverage Extension.

This limit is included within and is not in addition to the Business Personal Property Limit of Insurance.

[n] o. Property of Others Used in Emergencies

We will pay for direct physical “loss” of or damage to the following property of others caused by or resulting from any Covered Cause of Loss, provided the property is borrowed, seized and returned within a reasonable time for official use in an emergency situation:

- (1) “Building”:
- (2) Business personal property;
- (3) Watercraft;
- (4) Aircraft or its parts, accessories and equipment;
- (5) Animals;
- (6) All-terrain vehicles; and
- (7) Snowmobiles.

We will also pay for any resulting loss of use of the property for up to 200 days after the property is returned in order to make necessary repairs or to replace the property. If the direct physical “loss” or damage to the seized property occurred during the policy period stated in the Declarations, coverage will apply after the policy expiration date.

The most we will pay under this coverage extension in any one occurrence is the replacement cost and loss of use of the seized property.

For the purposes of this extension, an emergency situation means an unexpected occurrence where an immediate official action is necessary.

[g.] p. Valuable Papers and Records [– Cost of Research]

We will pay your expenses to research, replace, or restore the lost information on **“valuable papers and records”**, including those converted to electronic data format, that are lost or damaged as a result of any of the Covered Causes of Loss. Coverage applies to your **“valuable papers and records”** located on or away from your **“premises.”**

Coverage does not apply to: [We will not pay for: such expenses arising out of **“loss”** caused by or resulting from errors or omissions in processing or copying **“valuable papers and records”**. But we will pay for expenses arising out of **“loss”** caused by resulting fire or explosion.]

- (1) Irreplaceable “valuable papers and records” unless they are scheduled in the policy;
- (2) “Loss” or damage to computer based records arising from “loss” or damage to “data” or “media” or from a “computer virus”, or from mechanical breakdown of “hardware”;
- (3) Costs to process, copy, file or bind “valuable papers or records”; or
- (4) “Loss” or damage to “data” or “media.”

[Coverage provided under this extension is not restricted to your **“premises.”**]

[The most we will pay under this Coverage Extension in any one occurrence is \$250,000 at each described **“premises.”**]

This coverage extension is in addition to the applicable Limits of Insurance shown in the Declarations.

B. Exclusions

See the Causes of Loss Form.

C. Limits of Insurance

The most we will pay for "**loss**" in any one occurrence:

1. For each Additional Coverage is the Limit of Insurance applicable to that Additional Coverage.
2. For each Coverage Extension is the Limit of Insurance applicable to that Coverage Extension;
3. For "**Fine Arts**" is:
 - a. \$25,000; or
 - b. The amount shown in the "**Fine Arts**" Schedule on file with us;

Whichever is greater[; and]

4. For all other coverage provided under this Coverage Form is the applicable Limit of Insurance shown in the Property Coverage Part Declarations, except as provided in the guaranteed replacement cost endorsement if attached to the policy.

D. Deductible

We will not pay for "**loss**" in any one occurrence until the amount of the "**loss**" exceeds the Deductible shown in the Declarations or schedules. We will then pay the amount of the "**loss**" in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by [any of the following:]

- [1.] a Coinsurance Condition.
- [2. Agreed Value Optional Coverage; or]
- [3. Reporting Endorsement.]

If more than one Deductible is applicable under this Coverage Form or under another coverage part to "**loss**" in any one occurrence, we will only apply the highest applicable Deductible.

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of "**loss**", either may make written demand for an appraisal of the "**loss**". In this event, each party will select a competent and

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

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

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

3. Duties in the Event of Loss

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the **"loss"**. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the **"loss"** occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage by any of the Covered Causes 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) At our request, give us complete inventories of the damaged and undamaged property, including quantities, costs, values and amount of **"loss"** claimed. However, if the total claim for any loss is less than \$10,000, you are not required to provide an inventory of the undamaged property.
- (6) As often as may be reasonably required, permit us to inspect the property and records proving the **"loss"**.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Make no statement that will assume any liability, for any **"loss"** for which we may be liable, without our consent.
- (8) Promptly send us any legal papers or notices received concerning the **"loss"**.
- (9) 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.
- (10) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the

claim, including an insured's books and records. In the event of an examination, an insured's answers must signed.

4. Loss Payment

- a. In the event of **"loss"** to Covered Property 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. We will not pay you more than your financial interest in the Covered Property.
- d. We may adjust the **"loss"** with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- f. We will pay for covered **"loss"** within 30 days after we receive the sworn proof of loss, if:
 - (1) You have complied with all of the terms of this coverage form; and
 - (2) (a) We have reached agreement with you on the amount of **"loss"**;
 - (b) An appraisal award has been made; or
 - (c) Final judgment has been entered.

5. a. 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 your property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

b. Recoveries

The following applies only to the Accounts Receivable Coverage Extension:

You will pay us the amount of all recoveries you receive for a **"loss"** paid by us. But any recoveries in excess of the amount we have paid belong to you.

6. Vacancy

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

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

[(1) Vandalism;]

[(2) 1. Sprinkler leakage or]

[(3) Building glass breakage;]

[(4) Water damage;]

[(5) Theft; or]

[(6) Attempted theft.]

(1) Sprinkler leakage or water damage unless you have protected the system against freezing;

(2) Damage to plumbing systems located outside the perimeter of building walls or off the "premises" that results from freezing; or

(3) Vandalism.

b. Reduce the amount we would otherwise pay for the "**loss**" by 15%.

"**Buildings**" are vacant when they do not contain enough business personal property to conduct customary "**operations**".

7. Valuation

We will determine the value of Covered Property in the event of "**loss**" as follows:

a. At replacement cost (without deduction for depreciation) as of the time of "**loss**", except as provided in **b.**, **c.**, **d.**, **e.**, **f.**, **g.**, and **h.** below.

(1) We will not pay more for "**loss**" on a replacement costs basis than the least of:

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

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

(i) Of comparable material and quality; [and]

(ii) Used for the same purpose; [or] and

(iii) At the same "premises"; or

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

(d) However, the following only applies to "**building**" coverage:

- (i) You may substitute property of a different kind or quality, but we will not pay more than what it would cost to repair or replace the loss or damage to the **“building”** with property of comparable kind and quality; and
- (ii) You may replace the **“building”** suffering the loss or damage at a different location, but we will not pay more than what it would cost to replace the **“loss”** or damage to the **“building”** at the original **“premises.”**

(2) We will not pay on a replacement cost basis for any **“loss”**:

- (a) Until the lost or damaged property is actually repaired or replaced; and
- (b) Unless the repairs or replacement are made within one year [as soon as reasonably possible] after the **“loss.”**

[If the repairs or replacement are not made as soon as reasonably possible after the **“loss,”** the value of the property will be actual cash value.]

b. **“Fine Arts”** as stated in a Schedule on file with us. If there is no schedule on file, valuation will be at fair market value as of the time of **“loss.”**

c. **“Stock”** as follows:

- (1) **“Finished Stock”** you have sold but not delivered, at selling price less discounts and expenses you otherwise would have had;
- (2) **“Merchandise”** you have sold but not delivered, at selling price less discounts and expenses you otherwise would have had;
- (3) **“Stock in process”** at the cost to replace plus labor and overhead expenses you have actually incurred.

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

e. **“Valuable Papers and Records”** 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.

f. **“Data”** and **“media”** (other than prepackaged software programs)

The value of the property will be either:

- (1) The actual cost of reproducing or replacing the lost or damaged **“data”** and **“media”**, if you actually reproduce or replace them; or
- (2) The cost to replace the blank **“media”** with substantially identical property.

g. Accounts Receivable

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

h. Tenant's Improvements and Betterments at:

- (1) Replacement cost (without deduction for depreciation) of the lost or damaged property if you make repairs or replace promptly.
- (2) A proportion of your original cost if you do not make repairs or replace promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the **"loss"** to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

(c) If you purchased the interest in the use of improvements made by a previous tenant, we will cover them as if you had paid for them.

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 for your benefit and at no cost to you.

i. Replacement cost applies to all other Section A. 4. Additional Coverages and 5. Coverage Extensions unless stated otherwise in the extension, so long as:

- (1) The requirements in Section 7. Valuation a. (1) and (2) are met if "building" or business personal property is lost or damaged.**

8. Pair, Sets or Parts

- a. Pair or set.** In case of **"loss"** to any part of a pair or set we may:

- (1) Repair or replace any part to restore the pair or set to its value before the "loss"; or
 - (2) Pay the difference between the value of the pair or set before and after the "loss"
- b. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

F. General Conditions

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

1. Coinsurance

If a Coinsurance percentage is shown in the [Premium Property Program] Declarations, the following condition applies.

- a. We will not pay the full amount of any "loss" if the value of Covered Property (except property in transit and Business Personal Property of others in your care, custody or control) at the time of "loss" times the Coinsurance percentage shown in the Declarations is greater than the Limit of Insurance for that property.

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

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

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

Step (3) will not apply to property in transit or to Business Personal Property of others in your care, custody or control.

Example No. 1 (Underinsurance)

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000
The Deductible is	\$ 250
The Amount of "Loss" is	\$ 40,000

Step (1) \$250,000 X 80% = \$200,000
 (The minimum amount of insurance to meet your Coinsurance requirements.)

Step (2)	\$100,000.	÷	\$200,000	=	.50
Step (3)	\$40,000	X	.50	=	\$ 20,000
Step (4)	\$20,000.	–	\$250	=	\$ 19,750

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

Example No. 2 (Adequate Insurance)

When:

The Value of the Property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The Deductible is	\$ 250
The Amount of " Loss " is	\$ 40,000

Step (1)	\$250,000	X	80%	=	\$200,000
(The minimum amount of insurance to meet your Coinsurance requirements.)					
Step (2)	\$200,000	÷	\$200,000	=	1.00
Step (3)	\$40,000	X	1.00	=	\$ 40,000
Step (4)	\$40,000	–	\$250	=	\$ 39,750

We will cover the \$39,750 "**loss**" in excess of the Deductible. No penalty applies.

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

Example No. 3:

The Value of the property is:	
" Building " at Premises No. 1	\$ 75,000
" Building " at Premises No. 2	\$100,000
Personal Property at Premises No. 2	<u>\$ 75,000</u>
	\$250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for:	
" Buildings " and Personal Property at	
Premises No. 1 and 2.	\$180,000
The Deductible is	\$ 1,000

The Amount of " Loss " is:	
" Building " at Premises No. 2	\$ 30,000
Personal Property at Premises No. 2	<u>\$ 20,000</u>
	\$ 50,000

Step (1)	\$250,000	X	90%	=	\$225,000
(The minimum amount of Insurance to meet your Coinsurance requirements)					
Step (2)	\$180,000	÷	\$225,000	=	.80
Step (3)	\$50,000	X	.80	=	\$ 40,000
Step (4)	\$40,000	–	\$1,000	=	\$ 39,000

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

2. Mortgage Holders

- a. The term mortgage holder includes trustee.
- b. We will pay for covered "**loss**" to "**buildings**" 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 "**buildings**".
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Form, the mortgage holder will still have the right to receive "**loss**" payment if the mortgage holder:
 - (1) Pays any premium due under this Coverage Form 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 other terms of this Coverage Form will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any "**loss**" and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Form;
 - (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 nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

3. Other Insurance

The following is added to subparagraph 2. of Commercial Property Condition **G., Other Insurance**:

But this provision does not apply to "**loss**" to personal property of others in your care, custody or control.

[4. Policy Period, Coverage Territory

Commercial Property Condition H., **Policy Period, Coverage Territory**, is replaced by the following:

a. We cover "**loss**" commencing:

- (1) During the Policy Period shown in the Ultimate Cover Program Declarations; and
- (2) Within the Coverage Territory.

b. The Coverage Territory is:

- (1) The United States of America; and
- (2) Canada.]

G. Definitions

1. "**Buildings**" means buildings or structures.

2. "**Business Income**" means the net income (net profit or loss before income taxes) that would have been earned or incurred and continuing normal operating expenses incurred, including payroll.

[4] 3. **Computer Property** means "**data**", "**hardware**" and "**media**".

- a. "**Data**" means facts, figures, concepts, or instructions that are in a form that can be communicated, interpreted or processed by computer systems (including records of accounts receivable and "**valuable papers and records**" when they are converted into any "**data**" form).
- b. "**Hardware**" means a network of equipment and components which accept information, process and analyze that information according to a plan, and then produces the desired results. It includes disk and tape drives, printers, display screens, remote terminals, computers which control manufacturing or production equipment or machinery, and computerized telephone systems, but it does not include computer "**media**", or manufacturing or production machinery or equipment.
- c. "**Media**" means materials on which "**data**" can be recorded, such as magnetic tapes, disk packs, paper tapes and cards.

"**Data**" and "**media**" include pre-packaged software and any instructional manuals for that software.

[2.] 4. "**Computer Virus**" means unauthorized intrusive codes or programming that are entered into covered "**hardware**", "**data**" and "**media**" and interrupt your "**operations**," [at the described "**premises**."] but it does not mean an error in design or a programming error.

[3] 5. "**Consequential Damage**" means the decrease in value to the undamaged part or parts of Business Personal Property which is unmarketable as a complete product.

6. "Extra Expense" means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical "loss" to property caused by or resulting from any of the Covered Causes of Loss.

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

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

[6.] 9. "Guard Dog" means a dog that is trained to protect "premises" from intruders and kept on your premises when they are not open for business.

[7.] 10. "Loss" means accidental loss or damage.

11. "Mobile Property" means portable firefighting, ambulance, or rescue related equipment, including portable communications equipment, commonly used in fire and rescue operations away from your "premises."

[8] 12. "Money" means:

- a. Currency, coins and bank notes whether or not in current use; and
- b. Travelers' checks, register checks and money orders held for sale to the public.

13. "Operations" means:

- a. Your firefighting, ambulance or rescue related activity; and
- b. The tenantability of a "premises," if coverage for "Business Income" applies to "Rental Value."

14. "Period of restoration" means the period of time that:

a. Begins:

(1) Immediately after the time of direct physical "loss" for "Business Income" coverage; or

(2) Immediately after the time of direct physical "loss" for "Extra Expense" coverage; and

b. Ends on the earlier of:

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

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

c. "Period of restoration" does not include any increased period required due to the endorsement of any ordinance or law that:

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

(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"; or

(3) Pertains to "fungus," wet rot, dry rot or bacteria.

15. "Personal effects" means property that belongs to an individual and is used for personal use. However, it does not mean "money" and "securities," "fine arts," animals, aircraft or its parts, accessories or equipment, watercraft or vehicles.

16. "Premises" means a location described in the Declarations that is owned or legally occupied by you and used to conduct your "operations."

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

18. "Rental Value" means:

a. Total anticipated rental income from tenant occupancy of the "premises" described in the Declarations as furnished and equipped by you; and

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

c. Fair rental value of any portion of the described "premises" which is occupied by you.

[10.] 19. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps whether or not in current use;

b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue;

But does not include "money." Lottery tickets held for sale are not "securities."

[11.] 20. "Stock" means "finished stock," "merchandise" and "stock in process."

a. "Finished Stock" means property that you manufactured or processed which in the ordinary course of your business is ready for packing, shipment or sale.

b. "Merchandise" means goods kept for sale by you that are not the product of your manufacturing or processing "operations".

c. "Stock in Process" means raw materials that have undergone any processing or manufacturing but which has not become "finished stock."

[12.] 21. "Valuable Papers and Records" means inscribed, printed or written documents, film and other photographically produced records, such as slides and microfilm, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "**valuable papers and records**" does not mean "**money**" or "**securities.**"

VOLUNTEER FIRE DEPARTMENT CAUSES OF LOSS FORM

Underline words are added, [words in brackets are deleted.] A revision bar indicates change.

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

A. Covered Causes of Loss

Covered Causes of Loss means Risks of Direct Physical Loss unless the "**loss**" is:

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

that follow.

B. Exclusions

1. We will not pay for "**loss**" caused directly or indirectly by any of the following. Such "**loss**" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "**loss**." But we will cover resulting fire or explosion, meaning a fire or explosion that results from any cause of loss other than war, whether or not that cause of loss itself is covered under this coverage part.

a. Ordinance or Law

The enforcement of any ordinance or law:

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

Except as provided in the **VOLUNTEER FIRE DEPARTMENT PROPERTY COVERAGE FORM.**

b. Earth Movement

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

This exclusion does not apply to the following:

- (1) Business Personal Property in transit or away from "**premises**" you own, lease, rent or control;
- (2) The Accounts Receivable Coverage Extension; or
- (3) The Valuable Papers and Records - Cost to Research Coverage Extension.

c. Governmental Action

Seizure or destruction of property by order of governmental authority, including any customs or quarantine action.

But we will pay for "**loss**" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of an explosion or fire to prevent its spread, if the explosion or fire would be covered under this Policy.

d. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause.

But we will pay for direct "**loss**" caused by resulting fire, explosion, or smoke if the fire, explosion, or smoke would be covered under this Policy.

e. Utility Services

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

But is "**loss**" by a Covered Cause of Loss results, we will pay for that resulting "**loss.**"

This exclusion does not apply to the following Coverages:

- (1) Accounts Receivable Coverage Extension;
- (2) "**Computer Property**" for interruption of electrical power supply when the cause of such event occurs within 1,000 feet of the "**premises**"; or
- (3) Utility Services - Direct Damage Additional Coverage Extension.

f. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Flood

"**Flood**".

But if "**loss**" by fire, explosion, theft or sprinkler leakage results, we will pay for that resulting "**loss.**"

This exclusion does not apply to the following:

- (1) Business Personal Property in transit or away from "**premises**" you own, lease rent or control;
- (2) The Accounts Receivable Coverage Extension; or
- (3) The Valuable Papers and Records - Cost to Research Coverage Extension.

h. "Fungus," Wet Rot, Dry Rot and Bacteria

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

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

This exclusion does not apply:

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

(2) To the extent that coverage is provided in **E. Additional Coverage Extensions, 4. Limited Coverage for "Fungus," Wet Rot, Dry Rot and Bacteria** with respect to loss or damage by a cause of loss other than fire or lightning.

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

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

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

This exclusion does not apply to "computer property."

b. Delay, loss of use, loss of market or any other consequential loss except as specifically provided in business income.

c. Smoke, vapor or gas from agricultural smudging or industrial operations. This exclusion does not apply to "computer property."

d. **(1)** Wear and tear, rust, corrosion, decay, deterioration, marring or scratching, erosion, decomposition. However, we will cover resulting loss or damage not otherwise excluded caused by vehicles or aircraft, sprinkler leakage, water damage, freezing, collapse of a building or falling objects;

[(3)] (2) Smog;

[(4)] (3) Settling, cracking, shrinking, bulging or expansion of any pavement, building or structure;

[(5)] (4) Insects, birds, rodents or other animals;

[(6)] (5) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting "loss" caused by elevator collision;

[(7)] (6) Dampness or dryness of atmosphere; changes in or extremes of temperature; freezing or thawing.

Paragraphs d. **[(3)] (2), [(4)] (3), [(6)] (5)** and **[(7)] (6)** do not apply to "computer property."

But if "loss" by the "specified causes of loss" or building glass breakage results, we will pay for that resulting "loss."

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if "loss" by fire or combustion explosion results, we will pay for that resulting "loss." We will also pay for "loss" caused by or resulting from the

explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air-conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the "**buildings**"; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

This exclusion does not apply to "**computer property**."

- g. Dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

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

This exclusion does not apply to:

- (1) Acts of destruction by your employees (but theft by employees is not covered);
- (2) Property in the custody of a carrier for hire (provided the carrier is not in collusion with you, any of your partners, directors, trustees or authorized representatives); or
- (3) "**Loss**" to "**computer property**" (provided your employees are not in collusion with you, any of your partners, directors, trustees or authorized representatives).

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

- i. Collapse, except as provided below in the Additional Coverage for Collapse. But if "**loss**" by any of the Covered Causes of Loss results at the described premises, we will pay for that resulting "**loss**."

- j. Discharge, dispersal, seepage, migration, release or escape of "**pollutants**."

But we will pay for resulting "**loss**" to Covered Property when the discharge, dispersal, seepage, migration, release or escape of "**pollutants**" is caused by any of the "**specified causes of loss**."

- k. Processing or work upon the property.

But we will pay for "**loss**" caused by resulting fire or explosion.

This exclusion does not apply to "**computer property**."

- l. Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "**money**," "**securities**" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- m. Bookkeeping, accounting or billing errors or omissions.

- n. Unexplained disappearance. This exclusion does not apply to "**computer hardware**."

- o. Shortage found upon taking inventory or audit. This exclusion does not apply to **"computer hardware."**
- p. Electrical or magnetic disturbance or erasure of records of accounts receivable that have been converted into electronic format, when such **"loss"** is caused by or results from:
 - (1) Programming errors or faulty machine instructions;
 - (2) Faulty installation or maintenance of data processing equipment or component parts; or
 - (3) An occurrence that took place more than 1,000 feet from your premises.

But we will pay for such **"loss"** caused by lightning.
- q. Voluntary parting with any property by you, or by anyone else to whom you have entrusted the property, if induced to do so by any fraudulent scheme, trick, device or false pretense.
- r. Changes in your electrical power supply to **"computer property,"** including interruption of power, power surge, blackout or brownout, if the cause of such event originates more than 1,000 feet from any of the **"premises"** listed in the Declarations, Extension of Declarations or attached Schedule.

s. Inherent vice which is a natural condition of property that causes it to deteriorate or become damaged.

t. Latent defects which are faults or weaknesses in property itself.

- 3. We will not pay for **"loss"** caused by or resulting from any of the following. But if **"loss"** by a Covered Cause of Loss results, we will pay for that resulting **"loss."**
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the **"loss."**
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - [(1) Planning, zoning, development, surveying, siting;]
 - [(2)] (1) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - [(3)] (2) Materials used in repair, construction, renovation or remodeling; or
 - [(4)] (3) Maintenance;

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

But we will cover **"loss"** or damage that results from any of these, if the **"loss"** or damage occurs in connection with any cause of loss not otherwise excluded by this coverage part. This exclusion does not apply to **"computer property."**

4. Special Exclusions

The following provisions apply only to the Coverage Forms listed below, if these Coverage Forms are attached to this Policy.

a. Business Income, Extra Expenses and Business Income with Extra Expenses Coverage Forms.

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 Expenses.

(2) Any loss caused by or resulting from direct physical "**loss**" to communication antennas or satellite dishes, including their lead-in wiring masts or towers.

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

- (a) Delay in rebuilding, repairing or replacing the property or resuming "**operations**" due to interference at the "**premises**" 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 Expenses 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.

(6) Any loss caused by or resulting from error in machine programming or instructions to any machine.

(7) Any loss caused by or resulting from direct physical "**loss**" to property at locations not specifically identified. This exclusion does not apply to coverage provided to Business Income from Dependent Property - Additional Coverage.

(8) Any loss caused by or resulting from direct physical "**loss**" to:

- (a) "**Buildings**"; or
- (b) Additions to existing "**buildings**";

That are under the course of construction.

b. Legal Liability Coverage Form

(1) The following Exclusions do not apply to insurance under this Coverage Form;

- (a) Paragraph **B. 1.a.**, Ordinance or Law;

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

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "**suit**" or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.

(b) Nuclear Hazard

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

C. Limitations

1. We will not pay for "**loss**" to:

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for "**loss**" to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any "**buildings**", or to personal property in "**buildings**", caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The "**buildings**" first sustain damage by a Covered Cause of Loss to their roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The "**loss**" is caused by or results from thawing of snow, sleet or ice on the "**buildings**".

2. For "**loss**" by theft, the following types of property are covered only up to the Limits of Insurance shown:

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

3. We will not pay for "**loss**" to property in transit caused by or resulting from breakage; leakage; contamination; being spotted, discolored, molded, rusted, frosted, rotted, soured, steamed or changed in flavor.

But we will pay for such **"loss"** caused by: the **"specified causes of loss"**; an accident to the vehicle or railroad car carrying the Covered Property; burning, collision or crashing of the aircraft carrying the Covered Property; or the stranding, sinking, burning or collision of the vessel carrying the Covered Property.

D. Additional Coverage - Collapse

We will pay for **"loss"** caused by or resulting from risks of direct physical **"loss"** involving collapse of **"buildings"** or any part of **"buildings"** caused only by one or more of the following:

1. The **"specified causes of loss"** or breakage of building glass, all only as insured against in this form;
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.

We will not pay for **"loss"** to the following types of property, if otherwise covered in this Policy, under items **2., 3., 4. and 5.**, unless the **"loss"** is a direct result of the collapse of **"buildings"**; outdoor communication antennas or satellite dishes, including their masts or lead - in wiring; awnings, gutters and downspouts; yard fixtures; outdoor swimming pools; fences; beach or diving platforms or appurtenances; retaining walls.

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

This Additional Coverage will not increase the Limits of Insurance provided by this Policy.

E. Additional Coverage Extensions

1. Water Damage, Other Liquids, Powder or Molten Material Damage

If **"loss"** caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of **"buildings"** 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 to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

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

This Coverage Extension will not increase the Limits of Insurance provided by this Policy.

2. Utility Services - Direct Damage

We will pay for direct physical **"loss"** caused by interruption of utility service to the described premises. The interruption must be caused by direct physical **"loss"** by any of the Covered Causes of Loss to the following types of property not on the described **"premises"** supplying water, communication and power to the described **"premises"**.

Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises.

- a. Utility Generating Plants;
- b. Switching stations;
- c. Substations;
- d. Transformers; and
- e. Transmission Lines.

But not overhead transmission lines.

Water Supply Services, meaning the following types of property supplying water to the described “premises”.

- a. Pumping Stations; and
- b. Water mains.

Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described “premises”, such as:

- a. Communication transmission lines, including optical fiber transmission lines;
- b. Coaxial cables; and
- c. Microwave radio relays except satellites.

But not overhead transmission lines.

The most we will pay under this Coverage Extension for the sum of all occurrences at all “premises” during each separate 12 month period of this policy is \$10,000.

This Coverage Extension is in addition to the Limits of Insurance provided by this Policy.

3. Voluntary Parting

We will pay for "loss" caused by or resulting from voluntary parting with any property by you, or by anyone else to whom you have entrusted the property, if induced to do so by any fraudulent scheme, trick, device or false pretense.

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

This Coverage Extension will not increase the Limits of Insurance provided by this Policy.

4. Limited Coverage for “Fungus,” Wet Rot, Dry Rot and Bacteria

- a. The coverage described in 4.b. and 4.f. only applies when the “fungus,” wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- (1) A “specified cause of loss” other than fire or lightning; or

(2) Flood, if the Flood Coverage Endorsement applies to the affected “premises.”

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

(1) Direct physical loss or damage to Covered Property caused by **“fungus,”** wet or dry rot or bacteria, including the cost of removal of the **“fungus,”** wet or dry rot or bacteria.

(2) The cost to tear out and replace any part of the building or other property as needed to gain access to the **“fungus,”** wet or dry rot or bacteria; and

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

c. The coverage described under **4.b.** of this Limited Coverage is limited to \$25,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of **“specified causes of loss”** (other than fire or lightning) and **“flood”** which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in **“fungus,”** wet or dry rot or bacteria, we will not pay more than a total of \$25,000 even if the **“fungus,”** wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

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

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

e. The terms of this Limited Coverage do not increase or reduce the coverage provided under **D. Additional Coverage – Collapse** or **E.1. Water Damage, Other Liquids, Powder or Molten Material Damage.**

f. The following, **f.(1)** or **f.(2)**, applies only if Business Income and/or Extra expense coverage applies to the described **“premises”** and only if the suspension of **“operations”** satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

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

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

The Limit of Insurance for this Coverage Extension is in addition to the applicable Limit of Insurance

shown in the Declarations.

F. Definitions

1. "**Buildings**" means buildings or structures.
2. "**Computer Property**" means "**data**", "**hardware**" and "**media**".
 - a. "**Data**" means facts, figures, concepts or instructions that are in a form that can be communicated, interpreted, or processed by computer systems (including records of accounts receivable and "**valuable papers and records**" when they are converted into "**data**" form).

It does not include Valuable Papers unless converted to electronic form.

- b. "**Hardware**" means a network of equipment and components which accept information, process and analyze that information according to a plan, and then produces the desired results. It includes disk and tape drives, printers, display screens, remote terminals, computers which control manufacturing or production equipment or machinery, and computerized telephone systems, but it does not include computer "**media**", or production machinery or equipment.
 - c. "**Media**" means materials on which "**data**" can be recorded, such as magnetic tapes, disk packs, paper tapes and cards.
3. "**Flood**" means:
 - a. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; or
 - b. Mudslide or mudflow.

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

[4] 5. "**Loss**" means accidental loss or damage.

[5] 6. "**Money**" means:

- a. Currency, coins and bank notes whether or not in current use; and
- b. Travelers' checks, register checks and money orders held for sale to the public.

[6] 7. "**Operations**" means:

- a. [Business activities you perform at the described premises] Your firefighting, ambulance or rescue related activity ; and
- b. The tenantability of [the described "**premises**", if coverage for Business Income including "**Rental Value**" or "**Rental Value**" applies.] a "**premises**," if coverage for Business Income applies to "**Rental Value**."

[7] 8. "**Period Of Restoration**" means the period of time that:

- a. Begins:
 - (1) [72 hours] Immediately after the time of direct physical "**loss**" for Business Income Coverage; or

- (2) Immediately after the time of direct physical "**loss**" for Extra Expense Coverage.
- b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.
- c. "**Period of Restoration**" does not include any increased period required due to the enforcement of any ordinance or law that:
 - (1) Regulates the construction, use 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**".
 - (3) Pertains to "**fungus,**" wet rot, dry or bacteria.

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

[8]9. "**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.

10. "**Premises**" means a location described in the Declarations that is owned or legally occupied by you and used to conduct your "**operations.**"

[9]11. "**Rental Value**" means

- a. Total anticipated rental income from tenant occupancy of the "**premises**" described in the Declarations as furnished and equipped by you; and
- b. Amount of all charges which are legal obligation of the tenant(s) and which would otherwise be your obligations; and
- c. Fair rental value of any portion of the described "**premises**" which is occupied by you.

[10]12. "**Securities**" means negotiable and non-negotiable instruments or contracts representing either "**money**" or other property and includes:

- a. Tokens, tickets, revenue and other stamps whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue;

But does not include "**money**". Lottery tickets held for sale are not "**securities**".

[11]13. "**Specified Causes of Loss**" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; sonic boom; riot or civil commotion; vandalism; sprinkler leakage; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

"**Specified Causes of Loss**" does not include expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of "**pollutants**" to the

extent required by federal, state or local laws, regulations, or statutes, or any subsequent amendments thereof, enacted to address "pollutants" or a legally executed state voluntary program governing the cleanup of "pollutants" resulting from the spilling or dripping of gasoline, diesel fuel or other "pollutants" while being delivered by vehicles into storage tanks or other repositories, and/or when vehicles are being fueled.

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 man-made underground cavities.]

[b.] Falling objects does not include "loss" to:

(1) Personal property in the open; or

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

[c.] b. 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.

[12]14. "Stock" means "finished stock", "merchandise", and "stock in process".

a. "Finished Stock" means property that you manufactured or processed which in the ordinary course of your business is ready for packing, shipment or sale.

b. "Merchandise" means goods kept for sale by you that are not the product of your manufacturing or processing operations.

c. "Stock in Process" means raw materials that have undergone any processing or manufacturing but which have not become "finished stock."

[13]15. "Suit" includes an arbitration proceeding to which you must submit or submit with our consent.