

SERFF Tracking Number: ZURC-125426951 State: Arkansas
First Filing Company: American Guarantee and Liability Insurance State Tracking Number: EFT \$50
Company, ...
Company Tracking Number: CW-CF-26901
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: CW-CF-26901 - The Zurich Edge Program Forms Filing
Project Name/Number: CW-CF-26901/CW-CF-26901

Filing at a Glance

Companies: American Guarantee and Liability Insurance Company, Zurich American Insurance Company
Product Name: CW-CF-26901 - The Zurich Edge Program Forms Filing SERFF Tr Num: ZURC-125426951 State: Arkansas
TOI: 01.0 Property SERFF Status: Closed State Tr Num: EFT \$50
Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines) Co Tr Num: CW-CF-26901 State Status: Fees verified and received
Filing Type: Form Co Status: Not Applicable Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
Author: Deborah Freeman Disposition Date: 01/28/2008
Date Submitted: 01/11/2008 Disposition Status: Approved
Effective Date Requested (New): 04/01/2008 Effective Date (New): 04/01/2008
Effective Date Requested (Renewal): 04/01/2008 Effective Date (Renewal): 04/01/2008

State Filing Description:

General Information

Project Name: CW-CF-26901 Status of Filing in Domicile: Pending
Project Number: CW-CF-26901 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 01/28/2008
State Status Changed: 01/15/2008 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:
Filing of Zurich Edge Forms

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Company and Contact

Filing Contact Information

Deborah Freeman, Product Analyst deborah.freeman@zurichna.com
 1400 American Lane (847) 605-4238 [Phone]
 Schaumburg, IL 60196-1056 (847) 605-7768[FAX]

Filing Company Information

American Guarantee and Liability Insurance CoCode: 26247 State of Domicile: New York
 Company
 1400 American Lane Group Code: 212 Company Type:
 Schaumburg, IL 60196 Group Name: State ID Number:
 (847) 605-6000 ext. [Phone] FEIN Number: 36-6071400

Zurich American Insurance Company CoCode: 16535 State of Domicile: New York
 1400 American Lane Group Code: 212 Company Type:
 Schaumburg, IL 60102 Group Name: State ID Number:
 (847) 605-6000 ext. [Phone] FEIN Number: 36-4233459

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: State filing fees apply.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Guarantee and Liability Insurance Company	\$50.00	01/11/2008	17449328
Zurich American Insurance Company	\$0.00	01/11/2008	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	01/28/2008	01/28/2008

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Disposition

Disposition Date: 01/28/2008
Effective Date (New): 04/01/2008
Effective Date (Renewal): 04/01/2008
Status: Approved
Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

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

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Cover Letter	Approved	Yes
Supporting Document	Explanatory Memorandum	Approved	Yes
Form	Zurich Edge Declaration	Approved	Yes
Form	Zurich Edge Policy	Approved	Yes
Form	Zurich Edge Declaration - Global	Approved	Yes
Form	Zurich Edge Policy - Global	Approved	Yes
Form	Breakdown of Equipment Endorsement	Approved	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Zurich Edge Declaration	EDGE-D-100-A	04 08	Declaration News/Schedule		0.00	EDGE-D-100-A 0408 - Zurich Edge Declaration.pdf
Approved	Zurich Edge Policy	EDGE-100-A	04 08	Policy/Coverage Form		0.00	EDGE-100-A 0408 - Zurich Edge Policy.pdf
Approved	Zurich Edge Declaration - Global	EDGE-D-101-A	04 08	Declaration News/Schedule		0.00	EDGE-D-101-A 0408 - Zurich Edge Declaration - Global.pdf
Approved	Zurich Edge Policy - Global	EDGE-101-A	04 08	Policy/Coverage Form		0.00	EDGE-101-A 0408 - Zurich Edge Policy - Global.pdf
Approved	Breakdown of Equipment Endorsement	EDGE-301-A	04 08	Endorsement/Amendment/Conditions		0.00	EDGE-301-A 0408 - Breakdown of Equipment Endorsement.pdf

The Zurich Edge



Policy Number

<POLSYM> <POLNBR> - <POLMID>

Named Insured and Mailing Address

<INSDNM>

<INSDADDR1>

<INSDADDR2>

<INSDCSZ>

<INSDNM> and any subsidiary, and <INSDNM> interest in any partnership or joint venture in which <INSDNM> has management control or ownership as now constituted or hereafter is acquired, as the respective interest of each may appear. All hereafter referred to as the "Insured", including legal representatives.

Insurance is provided by the following Stock Company

< list applicable company>

hereafter referred to as the "Company",

Producer

<PRDRNM>

<PRDRADDR1>

<PRDRADD2>

<PRDRCSZ>

Policy Period

Coverage begins <EFFDT> at 12:01 AM; Coverage ends <EXPIDT> at 12:01 AM

Proportionate Share of Company for Loss or Damage

This Policy's proportionate share of loss or damage after the application of any deductible amount is:

000.00 % Quota Share: Being \$ **000,000,000** part of a \$ **000,000,000** primary loss layer
(and/or)

000.00 % Quota Share: Being \$ **000,000,000** part of a \$ **000,000,000** loss layer excess of a
\$ **000,000,000** Primary loss layer.

<Repeat as Necessary>

Annual Policy Premium
<polprem>

Surcharges, Taxes & Fees
<SurchFeeAmt>

Total Policy Premium
<TotalPrem>

SECTION I - INSURING AGREEMENT

A. COVERAGE

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property, at an Insured Location described in the Declarations. All subject to the terms, conditions and exclusions stated in this Policy.

B. POLICY PERIOD

Coverage under this Policy applies to covered loss or damage that begins during the Policy Period stated on the Declarations Page.

C. TERRITORY

Coverage under this Policy applies to all covered loss or damage that takes place in the United States of America, its territories and possessions, including the District of Columbia and the Commonwealth of Puerto Rico.

SECTION II - DECLARATIONS

A. INSURED LOCATION

1. The Coverages under this Policy apply to an Insured Location unless otherwise provided.

An Insured Location is a **Location**:

- a). Scheduled on this policy;
- a). Listed on Schedule of Locations on file with Company;
- a). Listed on Schedule of Locations attached to this Policy;
- b). Covered as a Miscellaneous Unnamed Location; and
- c). Covered under the terms and conditions of the Newly Acquired Coverage or Errors and Omissions Coverage.

<2. Schedule of Locations:>

Location Number and Address

<Repeat as Necessary>

B. CURRENCY

All amounts, including deductibles and limits of liability, indicated in this Policy are in <USD> unless otherwise indicated by the three-letter currency designator as defined in Table A.1 Currency and Funds code list, International Standards Organization (ISO) 4217, edition effective at inception of this Policy.

C. POLICY LIMITS OF LIABILITY

The Policy Limit is \$ <POLLIMAMT> for the total of all coverages combined. This includes any insured Time Element loss, regardless of the number of **Locations** involved subject to the following provisions:

1. The Company will pay no more in any one (1) **Occurrence** than its proportionate share of the Policy Limit.
2. Limits of Liability stated below or elsewhere in this Policy are part of, and not in addition to, the Policy Limit.
3. Limits of Liability in an **Occurrence** apply to the total loss or damage, including any insured Time Element loss, at all **Locations** and for all Coverages involved, subject to the following provisions:
 - a). The Company will pay no more in any one (1) **Occurrence** than its proportionate share of the applicable Location Limit when a Location Limit is specified, except as provided in 1) and 2) below for loss or damage at a **Location** listed on the Schedule of Locations-Description of Location and Location Limit.
 - 1). When Special Coverages are provided, the Special Coverage limits are in addition to the specified Location Limits.
 - 2). The most the Company will pay at a **Location** is the lesser of:
 - i). The specified Location Limit plus any applicable Special Coverage limit(s);
 - ii). The **Described Causes of Loss** Limit; or
 - iii). The **Described Causes of Loss** Limit at that specific **Location**.
 - b). The most the Company will pay in an **Occurrence** caused by a **Described Cause of Loss** is the Limit of Liability for that **Described Cause of Loss**.
 - c). When an **Annual Aggregate** Limit of Liability is shown, the Company's maximum amount payable will not exceed such Limit of Liability during the policy year regardless of the number of **Locations**, Coverages or **Occurrences** involved.
4. Limits of Liability

The following are the Limits of Liability in an **Occurrence** unless otherwise shown:

\$0.00	<Schedule of Locations – Description of Location and <Location Limit> <PD & TE>>
\$0.00	TIME ELEMENT <but not to exceed the following limits:><per Loc>
	\$0.00 GROSS EARNINGS
	\$0.00 EXTRA EXPENSE
	\$0.00 LEASEHOLD INTEREST
\$0.00	ACCOUNTS RECEIVABLE
\$0.00	BRANDS AND LABELS
\$0.00	COMPUTER SYSTEMS DAMAGE <in the Annual Aggregate > but not to exceed the following limits \$0.00 Property Damage, \$0.00 Time Element <Combined><in the Annual Aggregate >

\$0.00	CONTINGENT TIME ELEMENT but not to exceed a \$0.00 limit per Direct Dependent Time Element Location scheduled with the Company; \$0.00 limit per Direct Dependent Time Element Location unscheduled.
\$0.00	CONTINGENT TIME ELEMENT but not to exceed a \$0.00 limit per Indirect Dependent Time Element Location .
\$0.00	CONTINGENT TIME ELEMENT but not to exceed a \$0.00 limit per ATTRACTION PROPERTY Located within 1 mile of the Insured Location
\$0.00	DEBRIS REMOVAL
\$0.00	DECONTAMINATION COSTS
\$0.00	DEFERRED PAYMENTS
\$0.00	DEMOLITION AND INCREASED COST OF CONSTRUCTION
\$0.00	ERRORS AND OMMISIONS
\$0.00	EXPEDITING COSTS
\$0.00	FINE ARTS but not to exceed a \$0.00 limit per item.
\$0.00	FIRE DEPARTMENT SERVICE CHARGE
\$0.00	LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOSAL in the Annual Aggregate .
\$0.00	LAND IMPROVEMENTS
\$0.00	MISCELLANEOUS UNNAMED LOCATION but not to exceed a \$0.00 limit per Location
\$0.00	OFF PREMISES SERVICE INTERRUPTION \$0.00 PROPERTY DAMAGE, \$0.00 TIME ELEMENT <COMBINED>
\$0.00 Plus 50% of the amount Recoverable under this Coverage in excess of \$0.00 up to \$0.00	PROFESSIONAL FEES
\$0.00	RADIOACTIVE CONTAMINATION
\$0.00	RESEARCH AND DEVELOPMENT
\$0.00	RESEARCH ANIMALS in excess of \$0.00
\$0.00	SPOILAGE
\$0.00	TEMPORARY REMOVAL OF PERSONAL PROPERTY
\$0.00	TENANTS PROHIBITED ACCESS
\$0.00	TRANSIT
\$0.00	VALUABLE PAPERS AND RECORDS
\$0.00	NEW CONSTRUCTION, ALTERATIONS, ADDITIONS
\$0.00	RENOVATIONS AND REPAIRS
\$0.00	DELAY IN COMPLETION
\$0.00	OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION
\$0.00	SOFT COSTS

\$0.00

EARTH MOVEMENT <in the **Annual Aggregate**> but not to exceed the following limits in the <**Annual Aggregate**>:

- a). \$0.00 for specific **Locations** <must be listed>
- a). \$0.00 for property located in Zone 1 for Earth Movement as defined in Appendix A. Not to exceed \$0.00 for <locations listed>
- b). \$0.00 for property located in Zone 2 for Earth Movement as defined in Appendix A. Not to exceed \$0.00 for <locations listed>
- c). \$0.00 for specific locations (must be listed)>

\$0.00

FLOOD< in the **Annual Aggregate**> but not to exceed the following limits <in the **Annual Aggregate**>:

- a). \$0.00 for specific locations <must be listed>
- a). \$0.00 As respects Locations with any part of the legal description within a **100-year flood plain**. Not to exceed \$0.00 for <locations listed>
- b). \$0.00 As respects Locations outside a **100-year flood plain**, but with any part of the legal description within a **500-year flood plain**. Not to exceed \$0.00 for <locations listed>
- c). \$0.00 for specific locations (must be listed)>

\$0.00

NAMED STORM < in the **Annual Aggregate**> but not to exceed the following limits< in the **Annual Aggregate**>:

- a). \$0.00 for specific locations <must be listed>
- a). \$0.00 for property located in Zone 1 as defined in Appendix C. Not to exceed \$0.00 for <locations listed>
- b). \$0.00 for property located in Zone 2 as defined in Appendix C. Not to exceed \$0.00 for <locations listed>
- c). \$0.00 for specific locations (must be listed)>

5. Time and Distance Limits of Liability: In addition to the Limits of Liability shown elsewhere in this Policy, the following apply:

90 day period but not to exceed a **\$0.00** limit per **Location**.

NEWLY ACQUIRED

30 day period for property within 1 mile but not to exceed a **\$0.00** limit.

CIVIL AUTHORITY

30 day period but not to exceed a **\$0.00** limit.

IMPOUNDED WATER

30 day period for property within 1 mile but not to exceed a **\$0.00** limit.

INGRESS/EGRESS

30 day period but not to exceed a **\$0.00** limit.

INTERNATIONAL INTERDEPENDANCY

180 days

EXTENDED PERIOD OF INDEMNITY

12 months

GROSS EARNINGS

48 hours but not to exceed **\$0.00** limit.

PROTECTION AND PRESERVATION OF PROPERTY

6. Time Specifications: As follows:

Earth Movement Time specified	168 hours
Named Storm Time Specified	72 hours
Cancellation for nonpayment of premium	10 days
Cancellation for any other reason	45 days

D. PREMIUM PAYABLE

This Policy is issued in consideration of an initial premium. The **First Named Insured** shown on the Policy is responsible for the payment of all premiums and will be the payee for any return premiums paid by the Company. Premiums will be paid in the currency designated in Section II-Declaration B. Currency.

E. QUALIFYING PERIOD

For the Coverages listed below the following **Qualifying Period** applies:

Off Premises Service Interruption Property Damage & Time Element Coverage	< >
Computer Systems Damage Coverage	< >
Tenants Prohibited Access Coverage	< >

F. DEDUCTIBLES

Each claim for loss or damage as insured against arising out of any one (1) **Occurrence** shall be adjusted separately. The Company shall not be liable unless the Insured sustains loss or damage including any insured Time Element Loss, in excess of the amount(s) stated below and then only for the proportionate share of such excess amount(s).

1. When this Policy insures more than one **Location**, the deductible will apply against the total loss or damage covered by this Policy in an **Occurrence**. However, a deductible that applies on a per **Location** basis, will apply separately to each **Location** where the physical loss or damage occurred regardless of the number of **Locations** involved in the **Occurrence**.
2. Unless stated otherwise, if two or more deductibles apply to an **Occurrence**, the total deducted will not exceed the largest applicable deductible. If two or more deductibles apply on a per **Location** basis in an **Occurrence**, the largest deductible applying to each **Location** will be applied separately to each such Location.
3. If separate Property Damage and Time Element loss deductibles are shown, then the deductibles shall apply separately.
4. Policy Deductible(s)
 - a). \$0.00 combined coverages
 - a). \$0.00 Property Damage(PD) & \$0.00 Time Element (TE)
 - a). \$0.00 Property Damage(PD) & X*ADV Time Element (TE)
 - a). \$0.00 Property Damage(PD) & X* DV Time Element(TE)
 - a). \$0.00 Property Damage(PD) & Days Time Element(TE)
 - a). \$0.00 Property Damage(PD) & Hours Time Element(TE)
 - a). <Insert wording for the required deductible(s).>

per **Occurrence** except as follows:

b). Exceptions to Policy Deductible(s)

1). Contingent Time Element

\$0.00 per Location at each **Direct Dependent Time Element Location, Indirect Dependent Time Element Location, and Attraction Property** where the physical loss or damage occurs regardless of any other deductibles that may also apply. However, when the loss results from Earthquake, **Named Storm** and/or **Flood** such loss shall be subject to its respective deductible(s) for **Direct Dependent Time Element Location** as follows:

<Insert wording for the required deductible(s) per location.>

2). Earthquake

The following deductibles apply to loss or damage caused by or resulting from earthquake. This earthquake deductible will apply regardless of any other deductibles that may also apply.

- i). **\$0.00** combined coverages
- i). **\$0.00** Property Damage (PD) & **\$0.00** Time Element (TE)
- i). **\$0.00** Property Damage (PD) & X*ADV Time Element (TE)
- i). **\$0.00** Property Damage (PD) & X* DV Time Element (TE)
- i). **\$0.00** Property Damage (PD) & Days Time Element (TE)
- i). **\$0.00** Property Damage (PD) & Hours Time Element (TE)
- i). <Insert wording for the required deductible(s)>

per **Occurrence** except as follows:

ii). As respects **Locations** in Zone 1:

aa). Property Damage – **\$0.00 or** % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - **\$0.00 or** % of the full 12 months Gross Earnings value that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc).The above earthquake deductibles are subject to a minimum deductible of< **\$0.00** for Property Damage and \$0.00 Time Element> < \$0.00 combined> <per Location><per **Occurrence**>>.

iii). As respects **Locations** in Zone 2:

aa). Property Damage – **\$0.00 or** % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property

insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - **\$0.00 or** % of the full 12 months Gross Earnings value that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc).The above earthquake deductibles are subject to a minimum deductible of < **\$0.00** for Property Damage and \$0.00 Time Element >< \$0.00 combined> <per Location><per **Occurrence**>>.

3). **Flood**

The following deductibles apply to loss or damage caused by or resulting from **Flood**. This **Flood** deductible will apply regardless of any other deductibles that may also apply.

- i). **\$0.00** combined coverages
- i). **\$0.00** Property Damage (PD) & **\$0.00** Time Element (TE)
- i). **\$0.00** Property Damage (PD) & X*ADV Time Element (TE)
- i). **\$0.00** Property Damage (PD) & X* DV Time Element (TE)
- i). **\$0.00** Property Damage (PD) & Days Time Element (TE)
- i). **\$0.00** Property Damage (PD) & Hours Time Element (TE)
- i). <Insert wording for the required deductible(s)>

per **Occurrence** except as follows:

ii). As respects **Locations** with any part of the legal description within a **100-year flood plain**:

aa). Property Damage – **\$0.00 or** % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - **\$0.00 or** % of the full 12 months Gross Earnings value that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc).The above **Flood** deductibles are subject to a minimum deductible of < **\$0.00** for Property Damage and \$0.00 Time Element> < \$0.00 combined> <per Location><per **Occurrence**>>.

iii). As respects **Locations** outside a **100-year flood plain**, but with any part of the legal description within a **500-year flood plain**:

aa). Property Damage – \$0.00 or % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - \$0.00 or % of the full 12 months Gross Earnings value that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc).The above **Flood** deductibles are subject to a minimum deductible of < \$0.00 for Property Damage and \$0.00 Time Element> < \$0.00 combined> <per Location><per **Occurrence**>>.

4). **Named Storm**

The following deductibles apply to loss or damage caused by or resulting from **Named Storm**. The **Named Storm** deductible will apply regardless of any other deductibles that may also apply.

- i). **\$0.00** combined coverages
- i). \$0.00 Property Damage (PD) & \$0.00 Time Element (TE)
- i). \$0.00 Property Damage (PD) & X*ADV Time Element (TE)
- i). \$0.00 Property Damage (PD) & X* DV Time Element (TE)
- i). \$0.00 Property Damage (PD) & Days Time Element (TE)
- i). \$0.00 Property Damage (PD) & Hours Time Element (TE)
- i). <Insert wording for the required deductible(s)>

per **Occurrence** except as follows:

ii). As respects **Locations** in Zone 1:

aa). Property Damage – \$0.00 or % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - \$0.00 or % of the full 12 months Gross Earnings value that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

< cc).The above **Named Storm** deductibles are subject to a minimum deductible of < \$0.00 for Property Damage and \$0.00 Time Element> < \$0.00 combined> <per Location><per **Occurrence**>>.

iii). As respects **Locations** in Zone 2:

aa). Property Damage – \$0.00 or % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - \$0.00 or % of the full 12 months Gross Earnings value that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc). The above **Named Storm** deductibles are subject to a minimum deductible of< \$0.00 for Property Damage and \$0.00 Time Element> < \$0.00 combined> <per Location><per **Occurrence**>>.

SECTION III - PROPERTY DAMAGE

A. COVERED PROPERTY

This Policy insures the following property, unless otherwise excluded elsewhere in this Policy, located at an Insured Location or within 1,000 feet thereof or as otherwise provided for in this Policy.

1. The Insured's interest in buildings (or structures) including new construction, alterations, additions, and repairs; that the Insured owns, occupies, leases or rents.
2. The Insured's interest in Personal Property, including **Improvements and Betterments**.
3. Personal Property of Others that is in the Insured's care, custody or control: in which the Insured has an insurable interest or obligation; for which the Insured is legally liable; or for which the Insured has agreed in writing prior to any loss or damage to provide coverage. Coverage is limited to this property and will not extend to any Time Element Coverage provided under this Policy.
4. Personal Property of officers and employees of the Insured.

B. PROPERTY NOT COVERED

1. **Money**, precious metal in bullion form, notes, or **Securities**.
2. Watercraft or aircraft, except when unfueled and manufactured by the Insured.
3. Spacecraft, satellites, associated launch vehicles and any property contained therein.
4. Animals, standing timber and growing crops.
5. Bridges and tunnels when not part of a building or structure, dams, dikes, piers, wharfs, docks or bulkheads.
6. Land, water or any other substance in or on land; except this exclusion does not apply to:
 - a). **Land Improvements**, however, **Land Improvements** at a golf course are excluded.
 - b). Water that is contained in any enclosed tank, piping system or any other processing equipment.
7. Mines, mineshafts, caverns and any property contained therein.
8. **Vehicles** of officers and employees of the Insured or vehicles otherwise insured for physical loss or damage.
9. Transmission and distribution lines situated beyond 1,000 feet of the Insured Location.
10. Property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers; except as provided by the Deferred Payments Coverage of this Policy.
11. Property **In Transit**, except as otherwise provided by the Transit Coverage of this Policy.
12. **Electronic Data, Programs and Software**, except when they are **Stock in Process, Finished Stock, Raw Materials**, supplies or other **Merchandise** or as otherwise provided by the Computer Systems Damage Coverage or **Valuable Papers and Records** Coverage of this Policy.

C. EXCLUSIONS

The following exclusions apply unless specifically stated elsewhere in this Policy:

1. This Policy excludes the following unless it results from direct physical loss or damage not excluded by this Policy.
 - a). **Contamination**, and any cost due to **Contamination** including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy, except as provided by the Radioactive Contamination Coverage of this Policy.
 - b). Changes in size, color, flavor, texture or finish.
2. This Policy excludes:
 - a). Loss or damage arising from delay, loss of market, or loss of use.
 - b). Indirect or remote loss or damage.
 - c). Law and Interference:
 - 1). Loss or damage arising from the enforcement of any law, ordinance, regulation or rule regulating or restricting the construction, installation, repair, replacement, improvement, modification, demolition, occupancy, operation or other use, or removal including debris removal of any property; or
 - 2). Loss or damage arising from the interference by strikers or other persons with rebuilding, repairing or replacing property or with the resumption or continuation of the Insured's business.

except as provided by the Decontamination Costs and Demolition and Increased Cost of Construction Coverage of this Policy.
 - d). Unexplained or mysterious disappearance or shortage disclosed on taking inventory.
 - e). Loss or damage resulting from the Insured's suspension of business activities, except to the extent provided by this Policy.
3. This Policy excludes direct physical loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:
 - a). Nuclear reaction or radiation, any by-product of nuclear reaction, any radiological material or radioactive contamination however caused; but if direct physical loss of or damage to Covered Property by fire or sprinkler leakage results, the Company will pay for the loss or damage caused by the fire or sprinkler leakage.
 - b). 1). War and hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack or invasion by:
 - i). Any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces;
 - ii). Military, naval or air forces; or
 - iii). An agent of any government, power, authority or forces.

- 2). Insurrection, rebellion, revolution, civil war, martial law, usurped power or action taken by governmental authority in hindering, combating or defending against any of these.
 - 3). Any weapon of war or of mass destruction employing biological or chemical warfare, atomic fission, atomic fusion, radioactive force or radioactive material, whether in time of peace or war regardless of who commits the act.
 - 4). Seizure or destruction under quarantine or customs regulation, commandeering, confiscation, nationalization, or destruction by order of governmental or public authority. However, destruction by order of governmental or public authority to prevent spread of fire is covered.
 - 5). Risks of contraband, or illegal transit or trade.
- c). Dishonest, fraudulent or criminal acts by the Insured or any of the Insured's associates, proprietors, partners, officers, employees, directors, trustees or authorized representatives.

This exclusion does not apply to acts of direct physical loss or damage resulting from a **Covered Cause of Loss** intentionally caused by any individual specified above and done without the knowledge of the Insured. In no event does this Policy cover loss caused by theft by any individual above.

- d). Lack of the following services:
- 1). Incoming electricity, fuel, water, gas, steam, refrigerant;
 - 2). Outgoing sewage; or
 - 3). Incoming or outgoing voice, data or video.

All when caused by an event off the Insured Location (except as provided in Off Premises Service Interruption Property Damage and Time Element Coverage of this Policy). But, if the lack of such service results in a **Covered Cause of Loss**, this exclusion does not apply to the loss or damage caused by the **Covered Cause of Loss**.

- e). The effects of rain, sleet, or snow, whether or not driven by wind, on the interior portion of buildings under construction, alteration and/or addition when the installation of the roof, walls and windows of such buildings has not been completed.
 - f). If a Limit of Liability is identified as **NCP** in Section II-Declarations, the applicable Special Coverage, **Described Cause of Loss**, or portion of coverage is excluded from coverage.
4. This Policy excludes the following, but if any of these results in a **Covered Cause of Loss**, the exclusion does not apply to the loss or damage caused by the **Covered Cause of Loss**:
- a). Faulty, inadequate or defective design, specifications, workmanship, construction or materials used.
 - b). Loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested or otherwise worked on.
 - c). Corrosion, depletion, deterioration, erosion, inherent vice, latent defect, rust, wear and tear.
 - d). Changes of temperature (except to machinery or equipment) or changes in relative humidity, all whether atmospheric or not.
 - e). Settling, cracking, shrinking, bulging or expansion of: foundations (including any pedestal, pad, platform or other property supporting machinery), floors, pavements, walls, ceilings or roofs.

- f). Insects, animals or vermin damage.
- g). Cumulative effects of smog, smoke, vapor, liquid and dust.

SECTION IV - TIME ELEMENT

A. Loss Insured

The Company will pay for the actual Time Element loss the Insured sustains, as provided in the Time Element Coverages, during the Period of Liability. The Time Element loss must result from the necessary **Suspension** of the Insured's business activities at an Insured Location. The **Suspension** must be due to direct physical loss of or damage to Property (of the type insurable under this Policy other than **Finished Stock**) caused by a **Covered Cause of Loss** at that Location, or as provided in Temporary Removal of Property or Off Premises Storage for Property Under Construction Coverages.

The Company will also pay for the actual Time Element loss sustained by the Insured, during the Period of Liability at other Insured Locations. The Time Element loss must result from the necessary **Suspension** of the Insured's business activities at the other Insured Locations. Such other Location must depend on the continuation of business activities at the **Location** that sustained direct physical loss or damage caused by a **Covered Cause of Loss**.

There is recovery only to the extent that the Insured is: unable to make up lost production within a reasonable period of time not limited to the period during which production is **Suspended**; unable to continue such operations or services during the Period of Liability; and able to demonstrate a loss of revenue for the operations, services or production **Suspended**.

The Company insures Time Element loss only to the extent it cannot be reduced by:

- 1). The Insured resuming business activities in whole or part;
- 2). Using damaged or undamaged property (including **Raw Stock, Stock in Process** or **Finished Stock**) at the Insured Location or elsewhere;
- 3). Using the services or property of others;
- 4). Working extra time or overtime; or
- 5). The use of other **Locations** not covered under this Policy.

The Company will include in any calculation the combined operating results of all Insured Locations and associated or affiliated companies of the Insured in determining the Time Element loss.

In determining the Time Element loss, the Company will evaluate the experience of the business before and after the loss or damage and the probable experience had no direct physical loss or damage occurred at an Insured Location during the Period of Liability.

B. TIME ELEMENT COVERAGES

1. Gross Earnings

- a). Gross Earnings loss is the actual loss sustained, less charges and expenses that do not necessarily continue during the **Suspension** of the Insured's business activities. Consideration shall be given to the continuation of normal charges and expenses, including payroll to the extent necessary to resume the Insured's business activities with the same quality of service that existed immediately preceding the loss.
- b). For the purpose of this insurance, Gross Earnings is determined as follows:

- 1). The sum of:
 - i). Total net sales value of production;
 - ii). Total net sales of **Merchandise**;
 - iii). The rental income from the rented portions of such Property according to leases, contracts or agreements in force at the time of loss; and
 - iv). Other income derived from the Insured's business activities
- 2). Less the cost of the following:
 - i). **Raw Stock** from which production is derived;
 - ii). Supplies consisting of materials consumed directly in conversion of **Raw Stock** into **Finished Stock** or in supplying the service(s) sold by the Insured;
 - iii). **Merchandise** sold, including related packaging materials; and
 - iv). Service(s) purchased from outsiders (not Insured's employees) for resale, which do not continue under contract.
- c). This Policy will also pay:
 - 1). The reasonable and necessary expenses incurred (except the cost to extinguish a fire) by the Insured to reduce the amount of Gross Earnings loss during the Period of Liability. This Policy will pay for such expenses to the extent that they do not exceed the amount of Gross Earnings loss that otherwise would have been payable. This provision will not pay for the cost of permanent repair or replacement of property that has suffered direct physical loss or damage.
 - 2). If not otherwise payable under 1). above, the cost the Insured incurs to rent a temporary location when an Insured Location is untenable. This amount is not to exceed the fair rental value, at the time of loss, for such untenable portion of the Insured Location.
- d). Any amount recovered under property damage coverage at selling price for loss or damage to **Merchandise** will be considered to have been sold to the Insured's regular customers and will be credited against lost sales.

2. EXTRA EXPENSE

The Company will pay for the reasonable and necessary Extra Expenses incurred by the Insured, during the Period of Liability, to resume and continue as nearly as practicable the Insured's normal business activities that otherwise would be necessarily suspended, due to direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property at an Insured Location.

The Company will reduce the amount payable as Extra Expense by the fair market value remaining at the end of the Period of Liability for property obtained in connection with the above.

Extra Expenses mean that amount spent to continue the Insured's business activities over and above the expenses the Insured would have normally incurred had there been no necessary **Suspension** of the Insured's business activities. Extra Expense does not include any Gross Earnings or Gross Profit loss, the cost of permanent repair or replacement of property that has suffered direct physical loss or damage, or expenses otherwise payable elsewhere in the Policy.

3. LEASEHOLD INTEREST

The Company will pay for the actual **Leasehold Interest** loss incurred by the Insured (as lessee) resulting from direct physical loss of or damage caused by a **Covered Cause of Loss** to a building (or structure) which is leased and not owned by the Insured, as follows:

- a). If the building (or structure) becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Company will pay the Insured the present value of the actual rent payable for the unexpired term of the lease, not including any options;
- b). If the building (or structure) becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Company will pay the Insured for the proportionate amount of the actual rent paid; or
- c). If the lease is cancelled by the lessor pursuant to the terms of the lease agreement or by operation of law, this Policy will pay the Insured for their **Leasehold Interest** for the first three (3) months following the loss or damage and for their **Net Lease Interest** for the remaining unexpired term of the lease.

The Insured must use any suitable property or service owned, controlled, or obtainable from any source to reduce the loss.

In addition to the exclusions elsewhere in this Policy, the following exclusions apply to **Leasehold Interest** loss:

- a). Any increase in the **Leasehold Interest** loss resulting from the suspension, lapse or cancellation of any lease;
- b). Any loss from the Insured exercising an option to cancel the lease; or
- c). Any loss from an act or omission by the Insured that constitutes default under the lease.

4. EXCLUSIONS

In addition to the exclusions elsewhere in this Policy, the following exclusions apply to Time Element Coverage;

This Policy does not insure against:

- a). Any loss during any idle period that would have been experienced had the **Suspension** of business activities not occurred. This includes, but is not limited to, when production, operation, services, delivery or receipt of goods or services or any other business activities would have ceased, or would not have taken place or would have been prevented due to:
 - 1). Physical loss or damage not insured by this Policy on or off of the Insured Location;
 - 2). Planned or rescheduled shutdown;
 - 3). Strikes or other work stoppage; or
 - 4). Any reason other than physical loss or damage insured by this Policy.
- b). Any increase in Time Element loss due to:
 - 1). Suspension, cancellation or lapse of any lease, contract, license or orders;

- 2). Fines or damages for breach of contract or for late or non-completion of orders;
 - 3). Penalties of any nature; or
 - 4). Any other consequential or remote factors.
- c). Any loss resulting from loss or damage to finished goods manufactured by the Insured, nor the time required for their reproduction.

C. PERIOD OF LIABILITY

1. The Period of Liability applying to all Time Element Coverages, except **Leasehold Interest**, and as shown below or if otherwise provided under any Special Coverage, and subject to any Time Limit provided in the Limits of Liability clause in Section II-Declarations, is as follows:
 - a). For building and equipment: The period starting from the time of physical loss or damage of the type insured against and ending when with due diligence and dispatch the building and equipment could be repaired or replaced, and made ready for operations under the same or equivalent physical and operating conditions that existed prior to the damage. The expiration of this Policy will not limit the Period of Liability.
 - b). For building and equipment under construction: The equivalent of the above period of time will be applied to the level of business that reasonably would have been achieved after construction and startup would have been completed had there been no direct physical loss or damage. Due consideration will be given to the actual experience of the business after completion of the construction and startup.
 - c). For **Stock in Process** and **Merchandise**: The period of time required with the exercise of due diligence and dispatch to restore **Stock in Process** to the same state of manufacture in which it stood at the inception of the interruption of production or suspension of business operations or services and to replace physically damaged **Merchandise**.
 - d). For **Raw Materials** and supplies: The period of time of actual interruption of production or suspension of operations or services resulting from the inability to get suitable **Raw Materials** and supplies to replace **Raw Materials** and supplies damaged, but limited to that period for which the damaged **Raw Materials** and supplies would have supplied operating needs.
2. The Period of Liability applying to all Time Element Coverage, except **Leasehold Interest**, or if otherwise provided under any Special Coverage, and subject to any Time Limit provided in the Limits of Liability clause in Section II-Declarations, does not include any additional time due to the Insured's inability to resume operations for any reason, including but not limited to:
 - a). Making changes to equipment;
 - b). Making changes to the buildings or structures except as provided in the Demolition and Increased Costs of Construction Coverage of the Special Coverages section; or
 - c). Re-staffing or retraining employees.

SECTION V - SPECIAL COVERAGES & DESCRIBED CAUSES OF LOSS

A. Operation of Special Coverages & **Described Causes of Loss**:

1. Special Coverages & **Described Causes of Loss** are subject to the applicable Limit of Liability and are included

within and will not increase the Policy Limit.

2. Special Coverages & **Described Causes of Loss** are subject to the Policy provisions, including applicable exclusions and deductibles, all as shown in this section and elsewhere in this Policy, whether or not a Limit of Liability is shown.
3. If coverage is afforded under any Special Coverage or **Described Cause of Loss**, the applicable Limit of Liability for that Special Coverage or **Described Cause of Loss** is the most the Company will pay for all the loss or damage described therein even if coverage would otherwise be available under any other part of this Policy.
4. If no Limit of Liability is shown in this Policy, the Limit of Liability for that Special Coverage or **Described Cause of Loss** is part of the Policy Limit.
5. If **NCP** is shown for any Special Coverage or **Described Cause of Loss** in this Policy, then no coverage is provided for that Special Coverage or **Described Cause of Loss**.
6. If two or more Limits of Liability apply to a claim for loss or damage, or some part thereof, the lesser applicable Limit of Liability shall apply to the claim, or to the part thereof.

The Company will pay no more in any one (1) **Occurrence** than our proportionate share of any applicable Limit of Liability regardless of the number of **Locations** affected by such **Occurrence** and regardless of whether additional or greater limits would otherwise be available under any other part of this Policy.

Any **Annual Aggregate** limit is the most the Company will pay in any one (1) **Policy Year** regardless of the number of **Occurrences**.

In the event of loss or damage involving any one or more of the following Special Coverage or **Described Causes of Loss**, the Company will pay no more for the total of all such coverage combined than our proportionate share of the Policy Limit.

B. Description of Special Coverages

1. ACCOUNTS RECEIVABLE

- a). The Company will pay for the actual loss sustained resulting from direct physical loss of or damage caused by a **Covered Cause of Loss** to the Insured's accounts receivable records as respects the following:
 - 1). All sums due the Insured from customers, provided the Insured is unable to collect these sums as a result of direct physical loss or damage to accounts receivable records;
 - 2). Interest charges on any loan obtained by the Insured to offset impaired collections resulting from direct physical loss of or damage to accounts receivable records but only for such period of time reasonable and necessary for the Insured to resume normal collections;
 - 3). Necessary collection expense in excess of normal collection cost due to direct physical loss of or damage to accounts receivable records; and
 - 4). Other expenses, when reasonably incurred by the Insured in re-establishing accounts receivable records following direct physical loss of or damage to accounts receivable records.

For the purpose of this insurance, credit card charge records shall be deemed to represent sums due the Insured from customers, until the charge records are delivered to the credit card company.

- b). When there is proof that direct physical loss of accounts receivable records has occurred and the Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of loss, the amount payable shall be computed as follows:

- 1). The monthly average of accounts receivable during the last available twelve (12) months; the reasonable and necessary collection expenses in excess of normal collection costs due to direct physical loss of or damage to accounts receivable records; and the reasonable and necessary expenses incurred in reestablishing accounts receivable records following direct physical loss or damage, shall be adjusted in accordance with the percentage increase or decrease in the twelve (12) months average of monthly gross revenues which may have occurred in the interim.
- 2). The monthly amount of accounts receivable as established in b).1). above shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred. Consideration will also be given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.
- c). The Company shall deduct from the total amounts of account receivable, the amount of accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which the Insured normally would have been unable to collect and for the normal collection costs incurred due to accounts receivable.
- d). The following additional exclusions apply:

This Coverage does not insure against shortage resulting from:

- 1). Bookkeeping, accounting or billing errors or omissions; or
- 2). Alteration, falsification, manipulation; or
- 3). Concealment, destruction or disposal;

of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property; but only to the extent of such wrongful giving, taking, obtaining or withholding.

2. BRANDS AND LABELS

If branded or labeled property insured by this Policy sustains direct physical loss or damage and the Company elects to take all or any part of that property, the Company will pay for the Insured, to stamp "salvage" on the property or its containers; or remove or obliterate the brands or labels, if doing so will not damage the property. In either event, the Insured must re-label such property or its containers to comply with any applicable law.

3. CIVIL AUTHORITY

The Company will pay for the actual Gross Earnings or Gross Profit loss sustained by the Insured, as provided by this Policy, resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if the **Suspension** is caused by order of civil authority that prohibits access to the **Location**. That order must result from a civil authority's response to direct physical loss of or damage caused by a **Covered Cause of Loss** to property not owned, occupied, leased or rented by the Insured or insured under this Policy and located within the distance of the Insured's Location as stated in the Declarations. The Company will pay for the actual Gross Earnings or Gross Profit loss sustained, in excess of the applicable deductible, during the time the order remains in effect, but not to exceed the number of consecutive days following such order as stated in the Declarations up to the limit applying to this Coverage.

4. COMPUTER SYSTEMS DAMAGE

The Company will pay for direct physical loss of or damage to the Insured's **Electronic Data, Programs, Software** or hardware and the actual Time Element loss sustained, as provided by this Policy, during the **Period**

of Interruption directly resulting from any failure, malfunction, deficiency, deletion, fault, **Computer Virus** or corruption to the Insured's **Electronic Data, Programs, Software** or hardware at an Insured Location. The Company will also pay for such loss or damage that may arise out of or result from any authorized or unauthorized access in, of, or to any computer, communication system, file server, networking equipment, computer system, computer hardware, data processing equipment, computer memory, microchip, microprocessor, integrated circuit or similar device.

This Coverage will only apply when the **Period of Interruption** exceeds the time shown as **Qualifying Period** in the **Qualifying Period** clause of the Declarations section. If the **Qualifying Period** is exceeded, then this Policy will pay for the amount of loss in excess of the Policy Deductible, but not more than the limit applying to this Coverage.

The following additional exclusions apply:

- a). The Company will not pay for any loss or damage to **Electronic Data, Programs or Software** when they are **Raw Stock, Stock in Process, Finished Stock** manufactured by the Insured, and supplies or other **Merchandise**.
- b). Errors or omissions in processing or copying, except when direct physical loss or damage caused by a **Covered Cause of Loss** results. Then only that resulting damage is covered.
- c). Loss or damage to **Electronic Data, Programs or Software** from errors or omissions in programming or machine instructions; unless direct physical loss or damage caused by a **Covered Cause of Loss** results. Then only that resulting damage is covered.

5. CONTINGENT TIME ELEMENT

This Policy covers the actual Time Element loss as provided by the Policy, sustained by the Insured during the Period of Liability directly resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if the **Suspension** results from direct physical loss of or damage caused by a **Covered Cause of Loss** to Property (of the type insurable under this Policy other than **Finished Stock**) at **Direct Dependent Time Element Locations, Indirect Dependent Time Element Locations, and Attraction Properties** located worldwide, except for loss or damage in the following:

a).<

Afghanistan	Albania	Angola	Armenia	Azerbaijan	Bosnia	Bulgaria
Belarus	Cuba	Democratic Republic of Congo	Georgia	Herzegovina	Iran	Iraq
Kazakhstan	Kampuchea (Cambodia)	Kosovo	Kyrgyzstan	Laos	Lebanon	Libya
Liberia	Macedonia	Montenegro	Myanmar	North Korea	Outer Mongolia	Romania
Rwanda	Serbia	Sudan	Syria	Tajikistan	Tibet	Turkmenistan
Ukraine	Uzbekistan	Zimbabwe				

>; or

- b). <Any other country where prohibited by United States law or where trade relations are unlawful as

determined by the Government of the United States of America or its agencies>.

c). As respects Contingent Time Element:

- 1). The Insured will influence and cooperate with the **Direct Dependent Time Element Locations, Indirect Dependent Time Element Locations, and Attraction Properties** in every way and take any reasonable and necessary action, including the use of other machinery, supplies or locations, to mitigate the loss payable hereunder.
- 2). In determining the indemnity payable hereunder, the Company will consider the amount of income derived before the date of physical loss or damage and the probable amount of income after the date of loss or damage.
- 3). Time Element 5. Exclusion c). does not apply.

d). Contingent Time Element Coverage Exclusions:

As respects **Indirect Dependent Time Element Locations** and **Attraction Properties** the following additional exclusions apply:

Time Element loss resulting from physical loss or damage to **Indirect Dependent Time Element Locations** and **Attraction Properties** caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1). Earthquake;
- 2). **Flood**; or
- 3). **Named Storm**.

6. DEBRIS REMOVAL

This Policy covers the reasonable and necessary costs incurred to demolish and remove debris of Property from an Insured Location that remains following direct physical loss or damage resulting from a **Covered Cause of Loss**.

This Coverage does not cover the costs to remove:

- a). Property Not Covered that is **Contaminated**; or
- b). The **Contaminant** in or on Property Not Covered, whether or not the **Contamination** results from direct physical loss or damage caused by a **Covered Cause of Loss**. This Coverage shall cover the costs of removal of **contaminated** Covered Property or the **Contaminant** in or on Covered Property only if the **Contamination**, due to the actual not suspected presence of **Contaminant(s)**, of the debris resulted from direct physical loss or damage caused by a **Covered Cause of Loss**.

7. DECONTAMINATION COSTS

If Covered Property is **Contaminated** from direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property and there is in force at the time of the loss any law or ordinance regulating **Contamination** due to the actual not suspected presence of **Contaminant(s)**, then this Policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such **Contaminated** Covered Property in a manner to satisfy such law or ordinance. This Coverage applies only to that part of Covered Property so **Contaminated** due to the actual not suspected presence of **Contaminant(s)** as a result of direct physical loss or

damage. The Company is not liable for the costs required for removing **Contaminated** uninsured property nor the **Contaminant** therein or thereon, whether or not the **Contamination** results from a **Covered Cause of Loss**.

8. DEFERRED PAYMENTS

This Policy will pay for direct physical loss of or damage caused by a **Covered Cause of Loss**, to Personal Property (of the type insurable under this Policy). Such property must be sold by the Insured under a conditional sale, trust agreement, or installment or deferred payment plan. Such property must have been delivered to the buyer. Coverage is limited to the unpaid balance for such property.

In the event of loss to property sold under deferred payment plans, the Insured will use all reasonable efforts, including legal action, if necessary, to collect outstanding amounts due or to regain possession of the property.

Under this Coverage the Policy excludes loss or damage:

- a). Pertaining to products recalled including, but not limited to, the costs to recall, test or to advertise such recall by the Insured;
- b). From theft or conversion by the buyer of the property after the buyer has taken possession of such property;
- c). To the extent the buyer continues payments; or
- d). Not within the covered Territory of this Policy.

9. DEMOLITION AND INCREASED COST OF CONSTRUCTION

- a). This Policy covers the reasonable and necessary costs incurred, described in item c). below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures at an Insured Location, provided:
 - 1). Such law or ordinance is in force on the date of direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property; and
 - 2). Its enforcement is a direct result of direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property.
- b). This Coverage does not cover loss due to any law or ordinance with which the Insured was required to comply with before the loss, even when the building was undamaged, and the Insured did not comply with.
- c). This Coverage, as respects the property insured in item a). above, covers:
 - 1). The cost to repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance; and
 - 2). The cost:
 - i). To demolish the physically undamaged portion of such property insured; and
 - ii). To rebuild it with materials and in a manner to satisfy such law or ordinance, to the extent that such costs result when the demolition of the insured property is required to satisfy such law or ordinance.
- d). This Coverage excludes any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of **Contamination**.

- e). The Company's maximum liability for this Coverage at each Insured Location in any **Occurrence** will not exceed the actual cost incurred in demolishing the physically undamaged portion of the property insured in item a). above plus the lesser of:
- 1). The reasonable and necessary actual cost incurred, excluding the cost of land, in rebuilding on another site; or
 - 2). The cost of rebuilding on the same site.

10. ERRORS AND OMISSIONS

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to property which is not payable under this Policy because of an unintentional omission or error at the time of Policy inception in the description or inclusion of any **Location** owned, occupied, leased or rented by the Insured to be Covered Property; but only to the extent this Policy would have provided coverage had the unintentional omission or error not been made. The Policy also covers the actual Time Element loss sustained by the Insured, during the Period of Liability resulting from the necessary **Suspension** of the Insured's business activities at that **Location**, if the **Suspension** is caused by direct physical loss of or damage caused by a **Covered Cause of Loss** to such Property. The Insured must report any unintentional omission or error as soon as possible.

This Coverage does not apply if there is coverage available under Newly Acquired Coverage or Miscellaneous Unnamed Locations Coverage of this Policy.

11. EXPEDITING COSTS

This Policy covers the reasonable and necessary costs incurred to pay for the temporary repair of direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property and to expedite the permanent repair or replacement of such damaged property.

This Coverage excludes costs recoverable elsewhere in this Policy, or of permanent repair or replacement of damaged property.

12. EXTENDED PERIOD OF LIABILITY

Upon the termination of the Period of Liability (except for locations where the measure of recovery is Gross Profit), this Policy will continue to pay the actual Gross Earnings loss sustained by the Insured until the earlier of:

- a). The date the Insured could restore its business activities, with due diligence, to the condition that would have existed had no direct physical loss or damage occurred to the Insured's Covered Property; or
- b). The number of consecutive days as stated in the Declarations after the date the Insured's Covered Property is actually (or could have been) repaired, rebuilt or replaced and the Insured's business activities are restored to the condition that would have existed if no direct physical loss or damage occurred to the Insured's Covered Property.

13. FINE ARTS

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to **Fine Arts** at an Insured Location.

The following additional exclusions apply:

This Policy excludes loss or damage to **Fine Arts** directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- a). Breakage of bric-a-brac, glassware, marble, porcelain, statuary, and similar fragile property resulting from the article being dropped or knocked over, whether intentional or accidental;
- b). Any repairing, restoring or retouching process; or
- c). Any pre-existing condition.

14. FIRE DEPARTMENT SERVICE CHARGE

The Company will pay for the reasonable additional expenses, resulting from costs of fire extinguishing materials expended, incurred by the Insured when the Fire Department is called to save or protect Covered Property from a **Covered Cause of Loss** at an Insured Location. The Fire Department Service Charges are those:

- a). Assumed by contract or agreement prior to loss or damage; or
- b). Required by local ordinance.

15. IMPOUNDED WATER

The Company will pay for the actual Time Element loss as provided by this Policy, sustained by the Insured during the Period of Liability resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if the **Suspension** is caused by the lack of a supply of water from a water supply stored behind dams or in reservoirs on the Insured Location. The water supply must be used as a **Raw Material** or for generation of power or for other manufacturing purposes. The inadequate supply of water must result from the release of the water from the water supply and be caused by direct physical loss of or damage caused by a **Covered Cause of Loss** to the dam, reservoir, or connected equipment. The Company will pay for the actual Time Element loss sustained, in excess of the applicable deductible, but not to exceed the number of consecutive days as stated in the Declarations after the damaged dam, reservoir or connected equipment has been repaired or replaced, with the exercise of due diligence and dispatch, up to the limit applying to this Coverage.

16. INGRESS/EGRESS

The Company will pay for the actual Gross Earnings or Gross Profit loss sustained by the Insured, as provided by this Policy, resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if ingress or egress to that Insured Location by the Insured's suppliers, customers or employees is prohibited by physical obstruction due to direct physical loss of or damage caused by a **Covered Cause of Loss** to property not owned, occupied, leased or rented by the Insured or insured under this Policy and located within the distance of the Insured Location as stated in the Declarations. The Company will pay for the actual Gross Earnings or Gross Profit loss sustained, in excess of the applicable deductible, during the time ingress or egress remains prohibited by physical obstruction but not to exceed the number of consecutive days as stated in the Declarations following such obstruction up to the limit applying to this Coverage.

17. INTERNATIONAL INTERDEPENDANCY

The Company will pay for the actual Time Element loss sustained by the Insured, as provided by this Policy, resulting from the necessary suspension of the Insured's business activities at an Insured Location, if the suspension is caused by direct physical loss of or damage to Property (of the type insurable under this Policy other than **Finished Stock**) caused by a **Covered Cause of Loss** at a **Location**, that would be an Insured Location if it were located in the Coverage Territory of this Policy.

The **Location** that sustains direct physical loss or damage can not be located within the Coverage Territory of this Policy and is located anywhere in the world, except for:

a.)<

Afghanistan	Albania	Angola	Armenia	Azerbaijan	Bosnia	Bulgaria
Belarus	Cuba	Democratic Republic of Congo	Georgia	Herzegovina	Iran	Iraq
Kazakhstan	Kampuchea (Cambodia)	Kosovo	Kyrgyzstan	Laos	Lebanon	Libya
Liberia	Macedonia	Montenegro	Myanmar	North Korea	Outer Mongolia	Romania
Rwanda	Serbia	Sudan	Syria	Tajikistan	Tibet	Turkmenistan
Ukraine	Uzbekistan	Zimbabwe				

>or;

b.) <Any other country where prohibited by United States law or where trade relations are unlawful as determined by the Government of the United States of America or its agencies>.

The Insured Location must depend on the continuation of business activities at the **Location** that sustained direct physical loss or damage caused by a **Covered Cause of Loss**. The Company will pay for the actual Time Element loss sustained, in excess of the Policy Deductible, but not to exceed the number of consecutive days following such suspension as stated in the Declarations up to the limit applying to this Coverage.

18. LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOSAL

This Policy covers the reasonable and necessary cost for the cleanup, removal and disposal of the actual not suspected presence of **Contaminant(s)** from uninsured property consisting of land, water or any other substance in or on land at the Insured Location if the release, discharge or dispersal of such **Contaminant(s)** is a result of direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property.

This Policy excludes the cost to cleanup, remove and dispose of **Contamination** from such property:

- a). At any **Location** insured for Personal Property only;
- b). At any property insured under Newly Acquired, Errors and Omissions or Miscellaneous Unnamed Location Coverage provided by this Policy; or
- c). When the Insured fails to give written notice of loss to the Company within 180 days after inception of the loss.

19. LAND IMPROVEMENTS

The Company will pay for the additional cost of reclaiming, restoring or repairing **Land Improvements** resulting from direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property at an Insured Location.

As respects lawns, plants, shrubs or trees the following additional exclusions apply:

This Policy excludes direct physical loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- a). Earthquake;
- b). **Flood**; or
- c). **Named Storm**.

20. MISCELLANEOUS UNNAMED LOCATIONS

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** at a **Location** and for the actual Time Element loss sustained by the Insured, during the Period of Liability, resulting from the **Suspension** of the Insured's business activities if such **Suspension** is caused by the direct physical loss or damage to:

- a). Covered Property at a **Location** that has been reported to the Insurer, but agreed by the Insurer not to be described;
- b). Covered Property at a **Location** that has not been reported to the Insurer and is under the Insured's care, custody and control; or
- c). Covered Property at a **Location** that has not been reported to the Insurer and is not under the Insured's care, custody and control.

This Coverage will not apply for loss or damage that is payable under any other provision in this Policy.

21. NEWLY ACQUIRED

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to property (of the type insurable under this Policy), at any **Location** purchased, leased or rented by the Insured after the inception date of this Policy. This Coverage applies from the date of purchase, lease or rental. The Policy also covers the actual Time Element loss sustained by the Insured, during the Period of Liability resulting from the necessary **Suspension** of the Insured's business activities at that **Location**, if the **Suspension** is caused by direct physical loss of or damage caused by a **Covered Cause of Loss** to such Property (other than **Finished Stock**).

The Coverage provided above will end at the earliest of: the Policy expiration, the number of consecutive days as stated in the Declarations after the Insured first acquired an interest in the Covered Property, the date construction begins, or when the Insured reports the **Location** to the Insurer.

22. OFF PREMISES SERVICE INTERRUPTION PROPERTY DAMAGE AND TIME ELEMENT LOSS

The Company will pay for direct physical loss of or damage to Covered Property and for the actual Time Element loss sustained as provided by the Policy during the **Period of Service Interruption** at Insured Locations caused by the interruption of an incoming service consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewage service.

The lack of service must result from direct physical loss of or damage caused by a **Covered Cause of Loss** to property at the facilities of the supplier of such service located within this Policy's Territory, that immediately prevents in whole or in part the delivery of such usable services.

This Coverage will only apply when the **Period of Service Interruption** exceeds the time shown as **Qualifying Period** in the **Qualifying Period** clause of the Declarations section. If the **Qualifying Period** is exceeded, then this Policy will pay for the amount of loss in excess of the applicable deductible, but not more than the limit applying to this Coverage.

The following Exclusions do not apply to Off Premises Service Interruption Property Damage and Time Element Loss:

- a). Section III – C. 1.b).;
- b). Section III – C. 3.d). 1). & 2).;
- c). Section III – C. 4.a).,b).,c).,d).,e).,f).,g).

The following additional exclusion applies:

This Policy excludes direct physical loss or damage and Time Element loss directly or indirectly caused by or resulting from the interruption of such services, when such interruption is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.

23. PROFESSIONAL FEES

This Policy covers the actual costs incurred by the Insured, of reasonable fees paid to the Insured's accountants, architects, auditors, engineers, or other professionals and the cost of using the Insured's employees, for producing and certifying any details contained in the Insured's books or documents, or such other proofs, information or evidence required by the Company resulting from loss or damage payable under this Policy for which the Company has accepted liability. This Coverage will not include the fees and costs of attorneys, **Public Adjusters**, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them nor, the fees and costs of loss consultants who provide consultation on coverage or negotiate claims.

24. PROTECTION AND PRESERVATION OF PROPERTY

This Policy covers:

- a). Reasonable and necessary costs incurred for actions to temporarily protect or preserve Covered Property; provided such actions are necessary due to actual, or to prevent impending, physical loss or damage due to a **Covered Cause of Loss** to such Covered Property; and
- b). The actual Gross Earnings or Gross Profit loss sustained by the Insured for a period of time not to exceed the hours listed in the Declarations prior to and after the Insured first taking reasonable action for the temporary protection and preservation of Covered Property. However, such action must be necessary to prevent impending physical loss or damage due to a **Covered Cause of Loss** at such Covered Property.

This Coverage is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

25. RADIOACTIVE CONTAMINATION

The Company will pay for direct physical loss of or damage to Covered Property at a **Scheduled Location** caused by sudden and accidental radioactive contamination, including resultant radiation damage, provided:

- a). Radioactive contamination arises out of material at the **Scheduled Location** which is commonly known to be radioactive;
- b). Radioactive material is kept at the **Scheduled Location** for the purpose of the Insured's business activities; and
- c). There is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel which is intended for or which has been used in that type of nuclear reactor at the **Scheduled Location**.

26. RESEARCH AND DEVELOPMENT

The Company will pay, as Gross Earnings or Gross Profit, for the fixed charges and expenses (including **Ordinary Payroll**) actually incurred by the Insured during the Period of Liability directly attributable to the interruption of research and development project(s) that would not have produced income. The loss must result from the necessary **Suspension** of business activities at an Insured Location that is caused by direct physical loss of or damage caused by a **Covered Cause of Loss** to research and development projects.

This Policy will not pay for any other Time Element loss under this Coverage. Loss under this Coverage does not include any fixed charges and/or expenses (including **Ordinary Payroll**) otherwise payable elsewhere in the Policy.

27. RESEARCH ANIMALS

The Company will pay for death of Research Animals and the Insured's reasonable and necessary costs incurred to research, replace or restore the information lost or damaged when caused by a **Covered Cause of Loss**, while anywhere within this Policy's Territory, including while **In Transit**, when the loss is in excess of the amount stated in the Declarations. No deductible applies to this Coverage. This Coverage does not apply to loss or damage to Research Animals that cannot be replaced with like kind or quality.

The following additional exclusions apply:

- a). Death or destruction from natural causes, unknown causes, medical procedures including surgery, inoculation, parturition, or abortion;
- b). Errors or omission in processing and/or failure on the part of the Insured to provide nourishment, medicine or sanitary conditions;
- c). **Contamination** of animal, food or medicine;
- d). The intentional slaughter of animals;
- e). Escape, unless directly resulting from a **Covered Cause of Loss**; or
- f). Death or destruction resulting from activities of any animal, unless resulting from a **Covered Cause of Loss**.

28. SPOILAGE

In the event of spoilage of **Raw Materials, Stock in Process, Finished Stock or Merchandise**, caused by a **Covered Cause of Loss** the Company will pay for such spoilage provided all of the following conditions are met:

- a). The **Raw Materials, Stock in Process, Finished Stock or Merchandise** must be in storage or in the course of being manufactured;
- b). The Insured must own or be legally liable under written contract for the **Raw Materials, Stock in Process, Finished Stock or Merchandise**; and
- c). The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.

29. TEMPORARY REMOVAL OF PERSONAL PROPERTY

- a). When Covered Property is removed from an Insured Location for the purpose of being repaired or serviced or in order to avoid threatened physical loss or damage of the type insured by this Policy, this Policy covers such property:
 - 1). While at the location to which such property has been moved; and
 - 2). For physical loss or damage as provided at the Insured Location from which such property was removed.
- b). This Coverage does not apply to property:
 - 1). Insured, in whole or in part, elsewhere in this Policy;
 - 2). Insured, in whole or in part, by any other insurance policy; or
 - 3). Removed for normal storage, processing or preparation for sale or delivery.

30. TENANTS PROHIBITED ACCESS

The Company will pay for the actual Gross Earnings or Gross Profit loss sustained, as provided by this Policy, resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if access to that **Location** by the Insured's suppliers, customers or employees is physically obstructed due to the owner, landlord or a legal representative of the building owner or landlord, prohibiting access to the Insured Location. This Coverage will only apply when the period of time that access is prohibited exceeds the time shown as **Qualifying Period** in the **Qualifying Period** clause of the Declarations section. If the **Qualifying Period** is exceeded, then this Policy will pay for the amount of loss in excess of the Policy Deductible, but not more than the limit applying to this Coverage.

The following additional exclusion applies:

This Policy excludes loss directly or indirectly caused by or resulting from prohibited access to the Insured Location, when such prohibited access is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the use of such **Location** regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.

31. TRANSIT

- a). The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Personal Property and the Insured's interest in Personal Property of Others while **In Transit** within the coverage Territory and including:
 - 1). The Insured's interest in Free on Board (F.O.B) shipments, Free-Along-Side (F.A.S) shipments and Returned shipments. The Insured's contingent interest is admitted.
 - 2). The Insured's loss of property caused by fraud or deceit perpetrated by any person or persons who may represent themselves to be the proper party or parties to receive goods for shipment or accept goods for delivery.
 - i). The Insured's legal liability as a carrier of lawful goods and merchandise by vehicles under bills of lading or shipping receipts issued by the Insured, while in the Insured's custody or in the custody of connecting carriers **In Transit**.
 - ii). The Insured's interest in general average, salvage and other charges on shipments covered hereunder.
 - iii). The Insured is granted the privilege to ship under released or limited bills of lading or shipment receipts.
- b). The Company will not pay for loss or damage to:
 - 1). Property while waterborne, except:
 - i). While on the navigable inland waterways of a country;
 - ii). While on roll-on/roll-off ferries between countries; or
 - iii). While on coastal shipments.
 - 2). Property shipped by mail from the time it passes into custody of any governmental postal service;
 - 3). Property for sale while in the care, custody or control of the Insured's sales persons or representatives;
 - 4). Any conveyance used for property **In Transit**;
 - 5). Property insured under any import or export ocean marine insurance; or
 - 6). Property under airborne shipment unless by regularly scheduled passenger airlines or air freight **Carriers**.
- c). If this Policy expires during the due course of transit, coverage is extended until the shipment is delivered to its final destination.

32. VALUABLE PAPERS AND RECORDS

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to **Valuable Papers and Records** at an Insured Location. The Company will pay for the value of the blank **Media** and the Insured's reasonable and necessary costs incurred to research, replace or restore the information lost or damaged thereon, including those which exist on electronic or magnetic **Media** that are the Insured's property or the property of others in the Insured's care, custody or control. This Coverage does not apply to loss or damage to property that cannot be repaired or restored with like kind or quality.

33. NEW CONSTRUCTION, ALTERATIONS, ADDITIONS, RENOVATIONS AND REPAIRS

The Company will pay for direct physical loss of or damage to Covered Property and for the actual Time Element loss sustained as provided by the Policy during the Period of Liability resulting from direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property that is new construction, alterations, additions, renovations and repairs at an Insured Location.

34. DELAY IN COMPLETION

The Company will pay for the actual Gross Earnings or Gross Profit loss sustained by the Insured arising out of the **Delay in Completion** to Covered Property that is under construction, erection or installation. The delay must result from direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property that is under construction, erection or installation at an Insured Location.

35. OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION

This Policy covers direct physical loss or damage to property (of the type insurable under this Policy) caused by a **Covered Cause of Loss** that is under contract to be used in a construction project at an Insured Location. Coverage attaches at the time such property is delivered to the Insured or its contractor (with respect to the property under construction) by the manufacturer or supplier and such property is located at a storage site within this Policy's Territory but away from the Insured Location.

This Coverage includes necessary expendable materials and supplies to be used in the construction project but does not include any property owned or rented by the contractor.

36. SOFT COSTS

This Policy covers the Actual Loss Sustained incurred by the Insured as **Soft Costs** during the Period of Liability arising out of the **Delay in Completion** of buildings and additions under construction as results from direct physical loss of or damage caused by a **Covered Cause of Loss** to insured property under construction at an Insured Location.

C. DESCRIBED CAUSES OF LOSS

1. EARTH MOVEMENT

The Company will pay for direct physical loss of or damage to Covered Property, Time Element loss and Special Coverages loss as provided by this Policy, if such loss or damage is caused by **Earth Movement** regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, ensuing physical loss or damage by fire, explosion, theft, vandalism, sprinkler leakage or **Flood** will not be considered loss by **Earth Movement** within the terms and conditions of this Policy.

All **Earth Movement** that occurs within the period defined in the Declarations will constitute a single **Occurrence**. The expiration of this Policy will not reduce that period. The Insured may elect the point in time when the period defined in the Declarations begins; but such point in time must not precede loss or damage to Covered Property.

2. FLOOD

The Company will pay for direct physical loss of or damage to Covered Property, Time Element loss and Special Coverages loss as provided by this Policy, if such loss or damage is caused by **Flood** regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, ensuing physical loss or damage by fire, explosion, theft, vandalism or sprinkler leakage will not be considered to be loss by **Flood** within the terms and conditions of this Policy.

3. NAMED STORM

The Company will pay for direct physical loss of or damage to Covered Property, Time Element loss and Special Coverages loss as provided by this Policy, if such loss or damage is caused by **Named Storm**; regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, ensuing physical loss or damage by fire, explosion, theft, vandalism, sprinkler leakage or **Flood** will not be considered loss by **Named Storm** within the terms and conditions of this Policy.

All **Named Storm** damage that occurs within the period defined in the Declarations will constitute a single **Occurrence**. The expiration of this Policy will not reduce that period. The Insured may elect the point in time when the period defined in the Declarations begins; but such point in time must not precede loss or damage to Covered Property.

SECTION VI –GENERAL POLICY CONDITIONS

A. CANCELLATION/NON-RENEWAL

1. Cancellation

- a). The **First Named Insured** shown in the Declarations may cancel this Policy by mailing or delivering to the Company advance written notice of cancellation.
- b). The Company may cancel this Policy by mailing or delivering to the **First Named Insured** written notice of cancellation at least:
 - 1). The number of days before the effective date of cancellation if the Company cancels for nonpayment of premium, as stated in the Declarations; or
 - 2). The number of days before the effective date of cancellation if the Company cancels for any other reason, as stated in the Declarations
- c). The Company will mail or deliver notice to the **First Named Insured's** mailing address shown in the Declarations of this Policy or any Endorsement attached thereto.
- d). Notice of cancellation will state the effective date of cancellation. The Policy Period will end on that date.
- e). If this Policy is cancelled, the Company will send the **First Named Insured** any premium refund due. If the Company cancels, the refund will be pro rata. If the **First Named Insured** cancels, the refund may be less than pro rata but no less than the customary short rate amount. The cancellation will be effective even if the Company has not made or offered a refund.
- f). If notice is mailed, proof of mailing will be sufficient proof of notice.

If under the laws of the jurisdiction in which the property is located, such cancellation terms or conditions are different, then cancellation terms or conditions will be as permitted by such laws.

2. Non-renewal

- a). The Company may non-renew this Policy by mailing or delivering to the **First Named Insured** written notice, the number of days before the non-renewal, as permitted by law in the jurisdiction where in the property is located.

B. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

1. This Policy;
2. The Covered Property;
3. The Insured's interest in Covered Property; or
4. A claim under this Policy.

C. CONFORMITY TO STATUTES

Any provisions required by law to be included in policies issued by the Company shall be deemed to have been included in this Policy.

If the provisions of this Policy conflict with the laws of any jurisdictions in which this Policy applies, and if certain provisions are required by law to be stated in this Policy, this Policy shall be read so as to eliminate such conflict or deemed to include such provisions for Insured Locations within such jurisdictions.

D. CONTROL OF DAMAGED GOODS

In the event of direct physical loss of or damage caused by a **Covered Cause of Loss to Finished Stock**; this Policy gives control of the physically damaged property as follows, all subject to part 4) of this clause:

1. The Insured will have full rights to the possession and control of damaged property in the event of insured direct physical loss or damage to such property provided the Company agrees that the property is physically damaged.
2. The Insured using reasonable judgment will decide if the physically damaged property can be reprocessed or sold.
3. Property so judged by the Insured to be unfit for reprocessing or selling will not be sold or disposed of except by the Insured, or with the Insured's consent.
4. The salvage value of property that is claimed damaged shall be determined at the time of loss. The Insured will allow the Company to deduct from the amount of loss otherwise payable, the fair market value of such salvage, which could have been obtained on any sale or other disposition of goods or products through normal insurance industry salvage practices.

E. INSPECTIONS AND SURVEYS

1. The Company has the right but not the obligation to make inspections and surveys at any time, to give the Insured reports on the conditions found, and to recommend changes.
2. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public, nor does it represent that conditions are safe, healthful, or comply with laws, regulations, codes or standards.

This condition applies not only to the Company, but also to any rating, advisory, rate service or similar organization that makes insurance inspections, surveys, reports or recommendations.

F. JURISDICTION

Any disputes arising hereunder will be exclusively subject to the jurisdiction of a court of competent jurisdiction within the USA.

G. LENDERS LOSS PAYEE AND MORTGAGE HOLDER INTERESTS AND OBLIGATIONS

1. The Company will pay for loss to specified property insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon such property, in order of precedence of the mortgages.
2. The interest of the Lender or Mortgagee (as the case may be) in property insured under this Policy will not be invalidated by:
 - a). Any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
 - b). Foreclosure, notice of sale, or similar proceedings with respect to the property.
 - c). Change in the title or ownership of the property.
 - d). Change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Company of any known change in ownership, occupancy, or hazard and, within ten (10) days of written request by the Company, may pay the increased premium associated with such known change. If the Lender or Mortgagee fails to pay the increased premium, all coverage under this Policy will cease.

3. If this Policy is cancelled at the request of the Insured or its agent, the coverage for the interest of the Lender or Mortgagee will terminate ten (10) days after the Company sends to the Lender or Mortgagee written notice of cancellation, unless:
 - a). Earlier terminated by authorization, consent, approval, acceptance, or ratification of the Insured's action by the Lender, Mortgagee, or its agent.
 - b). This Policy is replaced by the Insured, with a policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Policy with respect to such interest will terminate as of the effective date of the replacement policy, notwithstanding any other provision of this Policy.
4. The Company may cancel this Policy and/or the interest of the Lender or Mortgagee under this Policy, by giving the Lender or Mortgagee written notice sixty (60) days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment of premium. If the debtor, mortgagor, or owner has failed to pay any premium due under this Policy, the Company may cancel this Policy for such non-payment, but will give the Lender or Mortgagee written notice ten (10) days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this Policy will cease.
5. The Company has the right to invoke this Policy's Suspended Property clause. When the Company suspends the insurance, it will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspended insurance. The Company will provide the Lender or Mortgagee at the last known address a copy of such notice.
6. If the Company pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Company will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the

Company may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Company, and the remaining debt or mortgage will be paid to the Company.

7. If the Insured fails to render proof of loss, the Lender or Mortgagee, upon notice of the Insured's failure to do so, will render proof of loss within sixty (60) days of notice and will be subject to the provisions of this Policy.
8. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Policy by agreement in writing.

H. LIBERALIZATION

If during the period that insurance is in force under this Policy, any filed rules or regulations are revised by statute so as to broaden this insurance without additional premium charge, such extended or broadened insurance will inure to the benefit of the Insured within such jurisdiction, effective the date of the change specified in such statute.

I. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to the **First Named Insured** as shown on this Policy, or as directed by the **First Named Insured**. Additional insured interests will also be included in loss payment as their interests may appear when named as lender, mortgagee and/or loss payee in the Certificates of Insurance on file with the Company.

J. LOSS CONDITIONS

1. DUTIES IN THE EVENT OF LOSS OR DAMAGE

The Insured must see that the following are done in the event of direct physical loss or damage to Covered Property:

- a). Notify the police if a law may have been broken.
- b). Give the Company prompt notice of the loss or damage. Include a description of the property involved.
- c). As soon as possible, give the Company a description of how, when and where the loss or damage occurred.
- d). Take all reasonable steps to protect the Covered Property from further damage caused by a **Covered Cause of Loss**. If feasible, set the damaged property aside and in the best possible order for examination. Also, keep a record of expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the Limit of Liability.
- e). At the Company's request, provide a complete inventory of the damaged and undamaged property, including quantities, costs, values and amount of loss claimed.
- f). As often as reasonably required, permit the Company to inspect the property and records evidencing the loss or damage, including taking some or all of damaged and undamaged property for inspection, testing and analysis, and permit the Company to make copies of the Insured's books and records.
- g). Permit the Company to question the Insured, the Insured's employees and agents 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 loss or damage, including an Insured's books and records. In the event of this examination, an Insured's answers must be signed or attested to by a notary public or certified court reporter.

- h). Give the Company a signed sworn statement of loss containing the information necessary to investigate the claim. If requested by the Company, the Company will supply the necessary form and the Insured must return this completed form within sixty (60) days of the request or as required by law.
- i). Cooperate with the Company in the investigation or settlement of the claim.

2. ABANDONMENT

There may be no abandonment of any property to the Company.

3. SUBROGATION

The Insured is required to cooperate in any subrogation proceedings. To the extent of the Company's payment, the Insured's rights of recovery against any party are transferred to the Company.

The Company acquires no rights of recovery that the Insured has expressly waived prior to a loss, nor will such waiver affect the Insured's rights under this Policy.

Any recovery from subrogation proceedings, less costs incurred by the Company in such proceedings, will be payable to the Insured in the proportion that the amount of any applicable deductible and/or any provable uninsured loss, bears to the entire provable loss amount.

4. APPRAISAL

If the Insured and the Company fail to agree on the value of the property or the amount of loss, each will, on the written demand of either, select a competent, disinterested, and impartial appraiser, who has no direct or indirect financial interest in the claim. Each will notify the other of the appraiser selected within 20 days of such demand. The Insured may not invoke appraisal unless it has first fully complied with all provisions of this Policy, including Duties in the Event of Loss or Damage and has provided the Company with a signed and sworn statement of loss.

The appraisers will first select a competent, disinterested and impartial umpire. If the appraisers fail to agree upon an umpire within 15 days then, on the request of the Insured or the Company, a judge of a court of record in the jurisdiction in which the appraisal is pending will select the umpire. The appraisers will then appraise the value of the property or the amount of loss. They will state separately, the actual cash value and replacement cost value, as of the date of loss and the amount of loss, each item of physical loss or damage or, if for Time Element loss, the amount of loss for each Time Element Coverage of this Policy.

If the appraisers fail to agree, they will submit their differences to the umpire. An award stating separately the actual cash value and replacement cost value, as of the date of loss and the amount of loss, for each item of physical loss or damage or, if for Time Element loss, the amount of loss for each Time Element Coverage of this Policy agreed to in writing by any two will determine the amount of loss.

Once there is an award, the Company retains the right to apply all policy terms and conditions (including but not limited to deductibles, exclusions, and Limits of Liability) to the award. The Company further retains its right to deny the claim in whole or in part.

The Insured and the Company will each pay its chosen appraiser and bear equally the other expenses of the appraisal and umpire.

5. SUIT AGAINST THE COMPANY

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless the Insured has fully complied with all the provisions of this Policy. Legal action must be started within (12) twelve months after the date of direct physical loss or damage to Covered Property or to other property as set forth herein.

If under the laws of the jurisdiction in which the property is located, such twelve months' limitation is invalid, then any such legal action needs to be started within the shortest limit of time permitted by such laws.

K. NO REDUCTION BY LOSS

Loss or damage shall not reduce the amount of insurance recoverable, except where an **Annual Aggregate** applies. The reinstatement of any exhausted **Annual Aggregate** is not permitted unless authorized by the Company in writing.

L. OTHER INSURANCE

The Company will not be liable if, at the time of loss or damage, there is any other insurance that would attach in absence of this insurance; except that this insurance shall apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted.

This provision shall not apply if this Policy is written in coordination with other insurance that is intended to pay proportionally with this insurance as a part of a property insurance plan or program expressly written with other participants subject to the same terms, conditions and provisions as those in this Policy.

The Company gives the Insured permission to purchase insurance for all or any part of the deductibles in this Policy, and the existence of underlying insurance shall not prejudice the Insured's rights under this Policy. If the limits of underlying insurance exceed the deductible that would apply, then the insurance provided by this Policy shall apply only as excess after that portion which exceeds the deductible has been exhausted.

The Insured can purchase excess insurance commencing on or after the inception of this Policy that is specifically excess over the Limits of Liability set forth in this Policy without prejudice to this Policy and the existence of such insurance shall not reduce any liability under this Policy.

M. POLICY MODIFICATION

This Policy contains all of the agreements between the Insured and the Company concerning this insurance. The Insured and the Company may request changes to this Policy. Only endorsements issued by the Company and made a part of this Policy, can change this Policy.

N. SETTLEMENT OF CLAIMS

1. Loss Payment

- a). In the event of loss or damage to Covered Property, the Company will, at its option, 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 any agreed valuation; or
 - 4). Repair, rebuild or replace the property with other property of like kind and quality.
- b). The Company will give notice of its intentions within thirty (30) days after receiving the sworn statement of loss or as required by law.
- c). The Company will not pay more than the Insured's financial interest in the Covered Property.
- d). The Company will pay for covered loss or damage within thirty (30) days or as required by law, after receiving the sworn statement of loss, if the Insured has complied with all the terms of this Policy; and

- 1). The Company has reached agreement on the amount of loss; or
 - 2). An appraisal award has been made.
- e). Notice to any agent or knowledge possessed by any agent or by any other person will not create a waiver or change any part of this Policy or prevent the Company from asserting any rights under the Policy.

O. SUSPENDED PROPERTY

When Covered Property is found to be in, or exposed to, a dangerous condition, any of the Company's representatives may immediately suspend this insurance for that property. This can be done by delivering or mailing a written notice to the **First Named Insured's** mailing address or to the address where the Covered Property is located. Once suspended, this insurance can be reinstated only by an endorsement. Any unearned premium due will be returned by the Company.

P. TITLES

The titles of the various paragraphs and endorsements are solely for reference and shall not in any way affect the provisions to which they relate.

Q. TRANSFER OF RIGHTS AND DUTIES

The Insured rights and duties under this Policy may not be transferred without the Company giving written consent.

R. VALUATION

In the event of any claim for direct physical loss of or damage to Covered Property:

1. The basis of adjustment is on a replacement cost basis unless a specific valuation applies. Replacement Cost shall be the cost to repair, rebuild or replace the damaged property (without deduction for depreciation) with materials of like kind, quality and capacity at the same or another site, but no more than the lesser of:
 - a). The cost to repair;
 - b). The cost to rebuild or replace on the same or another site with materials of equivalent size, kind, quality and capacity;
 - c). The necessary cost actually expended in repairing, rebuilding or replacing on the same or another site, but not exceeding the operating capacity that existed at the time of the loss; or
 - d). The Limits of Liability applicable to the lost or damaged property.

If there is direct physical loss of or damage to Covered Property which is not repaired, rebuilt or replaced within two (2) years from the date of direct physical loss or damage, the Company will not be liable for more than the actual cash value of the property destroyed.

2. The following property shall be valued as specified below:
 - a). For **Raw Materials**, supplies and other **Merchandise** not manufactured by the Insured, the replacement cost.
 - b). For **Stock in Process**, the value of **Raw Materials** and labor expended plus the proportion of overhead charges attributable to that **Stock in Process**.

- c). For **Finished Stock** manufactured by the Insured, the regular cash selling price at the **Location** where the loss occurs, less all discounts, pilferage, waste, returns and charges to which the **Finished Stock** would have been subject had no loss occurred.
- d). The Company, at its option, will pay the reduction in value of insured components or parts of products directly resulting from physical loss or damage caused by a **Covered Cause of Loss** to other insured parts or components of such property as follows:

In case of loss or damage to any part of a pair or set, the Company will:

- 1). Pay the cost of repairing or replacing any part to restore the pair or set to its value before the loss or damage;
- 2). Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- 3). Pay the difference between the value of the pair or set before and after the loss or damage.

If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such property to the Company.

- e). For **Media**, data and programming for electronic and electromechanical data processing and production equipment, the cost of reproducing **Media**, data and programming from duplicates or originals of the previous generation of the data.
- f). For **Fine Arts** articles, the lesser of the reasonable and necessary cost to repair or restore such property to the physical condition that existed on the date of loss or the cost to replace the article or the value if stated on a schedule on file. If the **Fine Arts** article cannot be replaced and an appraisal is not available, the valuation shall be market value based on prevailing conditions at the time of loss or damage.
- g). For property covered under Deferred Payments, the lesser of the total amount of unpaid installments less finance charges or the actual cash value of the property at the time of loss or the cost to repair or replace with material of like size, kind and quality.
- h). The selling price of buildings (or structures) or machinery and equipment, other than stock, offered for sale on the date of loss, but no more than the cost to repair or replace.
- i). The cost to replace non-repairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages, represents an improvement in function, or forms part of a program of system enhancement.
- j). The non-amortized value of **Improvements and Betterments** if such property is not repaired or replaced at the expense of the insured.
- k). For property that is useless to the Insured or obsolete, the actual cash value.
- l). For **Vehicles**, the actual cash value.

The Insured may elect not to repair or replace such damaged Covered Property, however, if loss settlement proceeds are expended on other capital expenditures related to the business activities of the Insured within two years from the date of loss, the lesser of the repair or replacement cost of such property will be paid. As a condition of collecting under this clause, such expenditure must be unplanned as of the date of loss and be made at a **Scheduled Location**. This clause does not extend to Demolition and Increased Cost of Construction.

SECTION VII - DEFINITIONS

The following term(s) wherever used in this Policy means:

1. **Annual Aggregate** - The maximum amount of loss or damage payable in any one (1) **Policy Year** regardless of the number of **Occurrences** within the same policy year.
2. **Anticipated Date of Completion** - The date on which the work is scheduled to be completed for the start of commercial operations or use and occupancy.
3. **Attraction Properties** - A property within the distance described in the declarations of an Insured Location that attracts customers to the Insured's business if the attraction of those customers is essential for the continuation of the Insured's business activities.
4. **Average Daily Value (ADV)** - The total 100% Gross Earnings value (on the same basis that is used to determine the time element loss) for the Period of Liability divided by the number of working days in such period. The 100% Gross Earnings value shall be the total amount of Gross Earnings value exposed and is not the amount of the loss actually incurred.
5. **Carrier** - Contract or public truck men and motor transit companies or connecting carriers.
6. **Computer Virus** - Any **Software, Electronic Data** or code that affects the operation or functionality of any computer, communication system, file server, networking equipment, computer system, computer hardware, data processing equipment, computer memory, microchip, microprocessor (computer chip), integrated circuit or similar device in computer equipment, **Program, Computer Software** or operating systems, programming instructions, or data including, but not limited to any destructive **Program, computer code, Computer Virus, worm, logic bomb, denial of service attack, smurf attack, vandalism, Trojan Horse** or any other data introduced into any electronic system causing deletion, destruction, degradation, corruption, malfunction or compromise of **Electronic Data, Software** or electronic business systems.
7. **Contamination(Contaminated)** - Any condition of property due to the actual presence of any foreign substance, impurity, pollutant, hazardous material, poison, toxin, pathogen or pathogenic organism, bacteria, virus, disease causing or illness causing agent, **Fungus, mold** or mildew.
8. **Contaminant(s)** - Any solid, liquid, gaseous, thermal or other irritant, pollutant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste (including materials to be recycled, reconditioned or reclaimed) or other hazardous substances, **Fungus** or **Spores**.
9. **Covered Cause of Loss** - All risks of direct physical loss of or damage from any cause unless excluded.
10. **Daily Value (DV)** - A dollar amount that is equal to the daily value during the Period of Liability at the **Location(s)** where the loss occurred. The daily value is the amount that would have been earned each working day had there been no **Occurrence**.
11. **Delay in Completion** - The period of time between the **Anticipated Date of Completion** and the actual date on which commercial operations or use and occupancy can commence with the exercise of due diligence and dispatch.
12. **Described Cause(s) of Loss - Earth Movement, Flood, or Named Storm.**

13. **Direct Dependent Time Element Location -**

- a). **Any Location:**
 - 1). of a direct: customer, supplier, contract manufacturer or contract service provider to the Insured;
 - 2). of any company under a royalty, licensing fee or commission agreement with the Insured.
- b). A **Direct Dependent Time Element Location** does not include Locations that are Insured Locations under this Policy or the Locations of any company directly or indirectly supplying to, or receiving from, the Insured, electricity, fuel, gas, water, steam, refrigeration, sewage, voice, data or video.

14. **Earth Movement** - Any **Earth Movement** including earthquake, landslide, mine subsidence, earth sinking, rising, shifting, or sinkhole collapse.

15. **Electronic Data - Electronic Data** of any kind that is recorded or transmitted in a form usable in electronic computer systems or networks, microchips, integrated circuits or similar devices in non-computer equipment, and which can be stored on **Media** for use by **Programs**.

16. **Fine Arts** - Includes, but is not limited to, bona fide works of art, works of rarity, works of historical values, works of artistic merit, photographs (positives and negatives), lithographs, illustrations, gallery proofs, original records, and similar property.

17. **Finished Stock** - Stock manufactured by the Insured which is ready for packing, shipment or sale. For the purposes of Gross Earnings Coverage only:

- a). **Finished Stock** also includes whiskey and alcoholic products being aged.
- b). **Finished Stock** does not include stock manufactured by the Insured that is held for sale on the premises of any retail outlet insured under this Policy.

18. **First Named Insured** - The First Insured listed under Named Insured.

19. **Flood** - A general and temporary condition of partial or complete inundation of normally dry land areas or structure(s) caused by:

- a). The unusual and rapid accumulation or runoff of surface waters, waves, tides, tidal waves, tsunami, the release of water, the rising, overflowing or breaking of boundaries of nature or man-made bodies of water; or the spray there from all whether driven by wind or not;
- b). Mudflow or mudslides caused by accumulation of water on or under the ground.

Flood also includes the backup of water from a sewer, drain or sump caused in whole or part by **Flood**.

20. **Fungus (or Fungi)** - Any form of fungus including, but not limited to, yeast, mold, mildew, rust, smut, mushroom, spores, mycotoxins, odors, or any other substances or gases, products or byproducts produced by, released by, or arising out of the current or past presence of **Fungi**.

21. **Improvements and Betterment** - Fixtures, alterations, installation or additions comprising part of a building occupied, but not owned by the Insured and acquired or made at the Insured's expense which the Insured cannot legally move.

22. **Indirect Dependent Time Element Location -**

a). Any Location:

- 1). of a company that is a direct: customer, supplier, contract manufacturer or contract service provider to a **Direct Dependent Time Element Location**;
- 2). of a company that is an indirect: customer, supplier, contract manufacturer or contract service provider to a **Direct Dependent Time Element Location**.

b). An **Indirect Dependent Time Element Location** does not include Locations that are Insured Locations under this Policy or the Locations of any company directly or indirectly supplying to, or receiving from, the **Direct Dependent Time Element Location**, electricity, fuel, gas, water, steam, refrigeration, sewage, voice, data or video.

23. **In Transit -**

a). Covered Property shipped by any means of conveyance shall be considered **In Transit** from the time the goods are in or on the transporting **Vehicle** and the **Vehicle** leaves the originating **Location** and continuously until arrival at the destination **Location** and the goods are transferred to the exclusive custody and control of the consignee, warehouseman, or receiver.

b). Covered Property shipped via the Insured's **Vehicles** or **Vehicles** of others operated by the Insured or for the Insured shall be considered **In Transit** from the time the goods are in or on the transporting **Vehicle** and the **Vehicle** leaves the originating **Location** and continuously until the **Vehicle** arrives at the destination **Location**. The goods shall not be considered **In Transit** during any deviation in route for reasons unrelated to transit.

24. **Land Improvements** - Lawns, plants, shrubs or trees; pavements, roadways, sidewalks or similar works, but not including any fill or land beneath such property.

25. **Leasehold Interest** - The excess rent paid for the same or similar replacement property over actual rent otherwise payable had there been no loss or damage, plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of the lease.

26. **Location-**

a). As specified in the Schedule of Locations;

b). If not so specified in the Schedule of Locations: a **Location** is a building(s) bounded on all sides by public streets, clear land space or open waterways, each not less than fifty feet wide;

c). A site or tract of land occupied or available for occupancy with tangible property; or

d). If the Insured is a tenant, those portions of the building not rented or intended to be rented by the Insured or others.

27. **Media** - Tangible personal property on which **Electronic Data** or **Programs** can be recorded, but not the **Data** or **Programs** themselves. **Money** or **Securities** are not **Media**.

28. **Merchandise** - Goods kept for sale by the Insured which are not **Raw Stock**, **Stock in Process** or **Finished Stock**.

29. **Miscellaneous Unnamed Location** - A **Location** owned, leased or rented by the Insured, but not specified in the Schedule of Locations.

30. **Money** - Currency, coins and bank notes whether or not in current use; and travelers checks, register checks and money orders held for sale to the public.

31. **Named Storm** - Any storm or weather disturbance that is named by the U. S. National Oceanic and Atmospheric Administration (NOAA) or the U. S. National Weather Service or the National Hurricane Center or any comparable worldwide equivalent.
32. **Net Lease Interest** - That sum which placed at six percent 6% interest compounded annually would equal the **Lease Interest** (less any amounts otherwise payable).
33. **NCP** - No Coverage Provided.
34. **Occurrence** - All loss(es) or damage that is attributable directly or indirectly to one cause or a series of similar or related causes. All such loss(es) or damage will be treated as one **Occurrence**. However, if **Occurrence** is specifically defined anywhere in this Policy, that definition will apply to the applicable coverage provided.
35. **Operations** - The Insured's business activities at the Insured Location.
36. **Ordinary Payroll** - Payroll expenses for all employees except officers, executives, department managers, employees under contract and other important professional employees. Payroll expenses include the payroll, employee benefits (if directly related to payroll), FICA payments, Union dues and Workers' Compensation premiums the Insured pays for.
37. **Period of Interruption** - The period starting when the Insured's Electronic Data Processing Equipment or **Media** fails to operate and ending when with due diligence and dispatch, the Insured's Electronic Data Processing Equipment or **Media** could be restored to the same or equivalent operating condition that existed prior to the failure. The Period of Interruption does not include the additional time to make changes to the Insured's Electronic Data Processing Equipment or **Media**.
38. **Period of Service Interruption** - The period starting when an interruption of a specified service occurs and ending when with due diligence and dispatch, the service could be restored to the same or equivalent operating condition that existed prior to the failure.
39. **Policy Year** - The (12) twelve consecutive months after the date coverage begins on this Policy.
40. **Program(Software)** - Any computer software, applications, **Software** or recorded instructions, whether digital or otherwise, for the processing, sequencing , collecting, transmittal, recording, retrieval or storage of **Electronic Data**.
41. **Public Adjusters** - Individuals or groups, including consultants, secured specifically for the purpose of representing the Insured's interest in the adjustment of a claim(s) under this Policy.
42. **Qualifying Period** - The continuous period of time expressed in hours or days which must be exceeded before coverage under this Policy begins.
43. **Raw Stock (or Raw Material)** - Materials in the state in which the Insured receives it for conversion into stock in process or **Finished stock**.
44. **Scheduled Location** - A **Location** scheduled on this Policy.
45. **Securities** - Negotiable and non-negotiable instruments or contracts representing either **Money** (but does not include **Money**) or other property and includes:
 - a). Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b). Evidences of debt issued in connection with credit or charge cards, which are not issued by the Insured.

46. **Soft Costs** - Expenses which are necessarily incurred during the Period of Liability, that would not have been incurred if the **Delay in Completion** had not occurred, at **Locations** undergoing renovation or in the course of construction, limited to the following:
- a). Construction loan fees -The additional cost incurred to rearrange loans necessary for the completion of construction, repairs or reconstruction, including; the cost to arrange refinancing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, charges by the lenders for the extension or renewal of loans necessary.
 - b). Commitment fees, leasing and marketing expenses - The cost of returning any commitment fees received from prospective tenant(s) or purchaser(s), the cost of re-leasing and marketing due to loss of tenant(s) or purchaser(s).
 - c). Additional fees – The additional fees for: architects, engineers, consultants, attorneys and accountants needed for the completion of construction, repairs or reconstruction.
 - d). Carrying costs – The additional: property taxes, building permits, additional interest on loans, realty taxes and insurance premiums.
47. **Spores** - Any reproductive body produced by or arising out of any **Fungus** (or **Fungi**).
48. **Stock in Process - Raw Stock** (or material) which has undergone any aging, seasoning, mechanical or other process of manufacture at the Insured Location, but which has not become **Finished Stock**.
49. **Suspension (Suspended)** –
- a). The slowdown or cessation of the Insured's business activities: or
 - b). As respects rental income that a part or all of the Insured Location is rendered untenable.
50. **Valuable Papers and Records** - Inscribed or printed or written documents and manuscripts or records, including abstracts, books, deeds, drawings, films, maps, mortgages, prints and tracings, computer programs, card index systems, files, tapes, discs, drums, cells and other magnetic recordings or storage **Media** for electronic data processing; but **Valuable Papers and Records** does not mean **Money** or **Securities**.
51. **Vehicle** - A motor vehicle, motor truck, trailer or semi-trailer. Two (2) or more trailers being pulled or towed by a single power unit shall be considered a single **Vehicle**.
52. **100-year flood plain** - Is an area defined by FEMA or any foreign equivalent as a **100-year flood plain**. In areas not defined by FEMA or any foreign equivalent, it is an area of land that has a 1-percent chance of being inundated by a **Flood** in any given year.
53. **500-year flood plain** - Is an area defined by FEMA or any foreign equivalent as a **500-year flood plain**. In areas not defined by FEMA or any foreign equivalent, it is an area of land that has a one fifth of 1-percent chance of being inundated by a **Flood** in any given year.

The Zurich Edge-Global



Policy Number

<POLSYM> <POLNBR> - <POLMID>

Named Insured and Mailing Address

<INSDNM>
<INSDADDR1>
<INSDADDR2>
<INSDCSZ>

<INSDNM> and any subsidiary. <INSDNM> interest in any partnership or joint venture in which <INSDNM> has management control or ownership as now constituted or hereafter is acquired. All as the respective interest of each may appear. All hereafter referred to as the "Insured", including legal representatives.

Insurance is provided by the following Stock Company

< list applicable company >
hereafter referred to as the "Company",

Producer

<PRDRNM>
<PRDRADDR1>
<PRDRADD2>
<PRDRCSZ>

Policy Period

Coverage begins <EFFDT> at 12:01 AM; Coverage ends <EXPIDT> at 12:01 AM

Proportionate Share of Company for Loss or Damage

This Policy's proportionate share of loss or damage after the application of any deductible amount is:

000.00 % Quota Share: Being \$ **000,000,000** part of a \$ **000,000,000** primary loss layer
(and/or)

000.00 % Quota Share: Being \$ **000,000,000** part of a \$ **000,000,000** loss layer excess of a
\$ **000,000,000** primary loss layer.

<Repeat as Necessary>

Annual Policy Premium
<polprem>

Surcharges, Taxes & Fees
<SurchFeeAmt>

Total Policy Premium
<TotalPrem>

SECTION I - INSURING AGREEMENT

A. COVERAGE

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property, at an Insured Location described in the Declarations. All subject to the terms, conditions and exclusions stated in this Policy.

B. POLICY PERIOD

Coverage under this Policy applies to covered loss or damage that begins during the Policy Period stated on the Declarations Page.

C. TERRITORY

Coverage under this Policy applies to all covered loss or damage that takes place worldwide. Loss or damage in the following is excluded:

1. <

Afghanistan	Albania	Angola	Armenia	Azerbaijan	Bosnia	Bulgaria
Belarus	Cuba	Democratic Republic of Congo	Georgia	Herzegovina	Iran	Iraq
Kazakhstan	Kampuchea (Cambodia)	Kosovo	Kyrgyzstan	Laos	Lebanon	Libya
Liberia	Macedonia	Montenegro	Myanmar	North Korea	Outer Mongolia	Romania
Rwanda	Serbia	Sudan	Syria	Tajikistan	Tibet	Turkmenistan
Ukraine	Uzbekistan	Zimbabwe				

>; or

2. <Any other country where prohibited by United States law or where trade relations are unlawful as determined by the Government of the United States of America or its agencies>; or

3. Any **Prohibited Jurisdiction**.

SECTION II - DECLARATIONS

A. INSURED LOCATION

1. The Coverages under this Policy apply to an Insured Location unless otherwise provided. An Insured Location is a **Location**:

- a). Scheduled on this policy;
- a). Listed on Schedule of Locations on file with Company;
- a). Listed on Schedule of Locations attached to this Policy;

- b). Covered as a Miscellaneous Unnamed Location; and

- c). Covered under the terms and conditions of the Newly Acquired Coverage or Errors and Omissions Coverage.

Any **Location** in a **Prohibited Jurisdiction** is not an Insured Location under this Policy.

- <2. Schedule of Locations:>

Location Number and Address

<Repeat as Necessary>

B. CURRENCY

All amounts, including deductibles and limits of liability, indicated in this Policy are in <USD> unless otherwise indicated by the three-letter currency designator as defined in Table A.1 Currency and Funds code list, International Standards Organization (ISO) 4217, edition effective at inception of this Policy.

C. POLICY LIMITS OF LIABILITY

The Policy Limit is \$ <POLLIMANT> for the total of all coverages combined. This includes any insured Time Element loss, regardless of the number of **Locations** involved subject to the following provisions:

1. The Company will pay no more in any one (1) **Occurrence** than its proportionate share of the Policy Limit.
2. Limits of Liability stated below or elsewhere in this Policy are part of, and not in addition to, the Policy Limit.
3. Limits of Liability in an **Occurrence** apply to the total loss or damage, including any insured Time Element loss, at all **Locations** and for all Coverages involved, subject to the following provisions:
 - a). The Company will pay no more in any one (1) **Occurrence** than its proportionate share of the applicable Location Limit when a Location Limit is specified, except as provided in 1) and 2) below for loss or damage at a **Location** listed on the Schedule of Locations-Description of Location and Location Limit.

- 1). When Special Coverages are provided, the Special Coverage limits are in addition to the specified Location Limits.
- 2). The most the Company will pay at a **Location** is the lesser of:
 - i). The specified Location Limit plus any applicable Special Coverage limit(s);
 - ii). The **Described Causes of Loss** Limit; or
 - iii). The **Described Causes of Loss** Limit at that specific **Location**.
- b). The most the Company will pay in an **Occurrence** caused by a **Described Cause of Loss** is the Limit of Liability for that **Described Cause of Loss**.
- c). When an **Annual Aggregate** Limit of Liability is shown, the Company's maximum amount payable will not exceed such Limit of Liability during the policy year regardless of the number of **Locations**, Coverages or **Occurrences** involved.
4. When this Policy is part of an **International Insurance Program** and an **Occurrence** results in loss payable under more than one policy issued to the Named Insured by the Company, or its affiliated or representative companies, the maximum amount payable in the aggregate under all such policies will be the applicable Limit of Liability indicated in this Policy regardless of the number of **Locations**, Coverages or **Covered Causes of Loss** involved.
5. Limits of Liability

The following are the Limits of Liability in an **Occurrence** unless otherwise shown:

\$0.00	<Schedule of Locations – Description of Location and <Location Limit> <PD & TE>>
\$0.00	TIME ELEMENT <but not to exceed the following limits:> <per Loc.>
	\$0.00 GROSS EARNINGS
	\$0.00 EXTRA EXPENSE
	\$0.00 LEASEHOLD INTEREST
	\$0.00 GROSS PROFITS
\$0.00	ACCOUNTS RECEIVABLE
\$0.00	BRANDS AND LABELS
\$0.00	COMPUTER SYSTEMS DAMAGE <in the Annual Aggregate > but not to exceed the following limits \$0.00 Property Damage, \$0.00 Time Element <Combined><in the Annual Aggregate >
\$0.00	CONTINGENT TIME ELEMENT but not to exceed a \$0.00 limit per Direct Dependent Time Element Location scheduled with the Company; \$0.00 limit per Direct Dependent Time Element Location unscheduled.
\$0.00	CONTINGENT TIME ELEMENT but not to exceed a \$0.00 limit per Indirect Dependent Time Element Location .

\$0.00	CONTINGENT TIME ELEMENT but not to exceed a \$0.00 limit per ATTRACTION PROPERTY Located within 1 mile of the Insured Location
\$0.00	DEBRIS REMOVAL
\$0.00	DECONTAMINATION COSTS
\$0.00	DEFERRED PAYMENTS
\$0.00	DEMOLITION AND INCREASED COST OF CONSTRUCTION
\$0.00	ERRORS AND OMMISIONS
\$0.00	EXPEDITING COSTS
\$0.00	FINE ARTS but not to exceed a \$0.00 limit per item.
\$0.00	FIRE DEPARTMENT SERVICE CHARGE
\$0.00	LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOSAL in the Annual Aggregate .
\$0.00	LAND IMPROVEMENTS
\$0.00	MISCELLANEOUS UNNAMED LOCATION but not to exceed a \$0.00 limit per Location
\$0.00	OFF PREMISES SERVICE INTERRUPTION \$0.00 PROPERTY DAMAGE, \$0.00 TIME ELEMENT <COMBINED>
\$0.00 Plus 50% of the amount Recoverable under this Coverage in excess of \$0.00 up to \$0.00	PROFESSIONAL FEES
\$0.00	RADIOACTIVE CONTAMINATION
\$0.00	RESEARCH AND DEVELOPMENT
\$0.00	RESEARCH ANIMALS in excess of \$0.00
\$0.00	SPOILAGE
\$0.00	TEMPORARY REMOVAL OF PERSONAL PROPERTY
\$0.00	TENANTS PROHIBITED ACCESS
\$0.00	TRANSIT
\$0.00	VALUABLE PAPERS AND RECORDS
\$0.00	NEW CONSTRUCTION, ALTERATIONS, ADDITIONS
\$0.00	RENOVATIONS AND REPAIRS
\$0.00	DELAY IN COMPLETION
\$0.00	OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION
\$0.00	SOFT COSTS
\$0.00	COINSURANCE DEFICIENCY
\$0.00	CURRENCY DEVALUATION
\$0.00	DIFFERENCE IN CONDITIONS
\$0.00	a). \$0.00 for specific Locations <must be listed>
\$0.00	DIFFERENCE IN LIMITS
\$0.00	a). \$0.00 for specific Locations <must be listed>
\$0.00	FINANCIAL INTEREST OF THE FIRST NAMED INSURED
\$0.00	a). \$0.00 for specific countries <must be listed>
\$0.00	TAX LIABILITY
\$0.00	TENANTS AND NEIGHBORS LIABILITY

\$0.00

EARTH MOVEMENT <in the **Annual Aggregate**> but not to exceed the following limits in the <**Annual Aggregate**>:

- a). \$0.00 for specific **Locations** <must be listed>
- a). \$0.00 for property located in Zone 1 for Earth Movement as defined in Appendix A & B. Not to exceed \$0.00 for <locations listed>
- b). \$0.00 for property located in Zone 2 for Earth Movement as defined in Appendix A & B. Not to exceed \$0.00 for <locations listed>
- c). \$0.00 for specific locations (must be listed)>

\$0.00

FLOOD< in the **Annual Aggregate**> but not to exceed the following limits <in the **Annual Aggregate**>:

- a). \$0.00 for specific locations <must be listed>
- a). \$0.00 As respects Locations with any part of the legal description within a **100-year flood plain**. Not to exceed \$0.00 for <locations listed>
- b). \$0.00 As respects Locations outside a **100-year flood plain**, but with any part of the legal description within a **500-year flood plain**. Not to exceed \$0.00 for <locations listed>
- c). \$0.00 for specific locations (must be listed)>

\$0.00

NAMED STORM < in the **Annual Aggregate**> but not to exceed the following limits< in the **Annual Aggregate**>:

- a). \$0.00 for specific locations <must be listed>
- a). \$0.00 for property located in Zone 1 as defined in Appendix C & D. Not to exceed \$0.00 for <locations listed>
- b). \$0.00 for property located in Zone 2 as defined in Appendix C & D. Not to exceed \$0.00 for <locations listed>
- c). \$0.00 for specific locations (must be listed)>

6. Time and Distance Limits of Liability: In addition to the Limits of Liability shown elsewhere in this Policy, the following apply:

90 day period but not to exceed a **\$0.00** limit per **Location**.

NEWLY ACQUIRED

30 day period for property within 1 mile but not to exceed a **\$0.00** limit.

CIVIL AUTHORITY

30 day period but not to exceed a **\$0.00** limit.

IMPOUNDED WATER

30 day period for property within 1 mile but not to exceed a **\$0.00** limit.

INGRESS/EGRESS

180 days

EXTENDED PERIOD OF INDEMNITY

12 months

GROSS EARNINGS

12 months

GROSS PROFIT

48 hours but not to exceed **\$0.00** limit.

PROTECTION AND PRESERVATION OF PROPERTY

7. Time Specifications: As follows:

Earth Movement Time specified	168 hours
Named Storm Time Specified	72 hours
Cancellation for nonpayment of premium	10 days
Cancellation for any other reason	45 days

D. PREMIUM PAYABLE

This Policy is issued in consideration of an initial premium. The **First Named Insured** shown on the Policy is responsible for the payment of all premiums and will be the payee for any return premiums paid by the Company. Premiums will be paid in the currency designated in Section II-Declaration B. Currency.

E. QUALIFYING PERIOD

For the Coverages listed below the following **Qualifying Period** applies:

Off Premises Service Interruption Property Damage & Time Element Coverage	< >
Computer Systems Damage Coverage	< >
Tenants Prohibited Access Coverage	< >

F. DEDUCTIBLES

Each claim for loss or damage as insured against arising out of any one (1) **Occurrence** shall be adjusted separately. The Company shall not be liable unless the Insured sustains loss or damage including any insured Time Element Loss, in excess of the amount(s) stated below and then only for the proportionate share of such excess amount(s).

1. When this Policy insures more than one **Location**, the deductible will apply against the total loss or damage covered by this Policy in an **Occurrence**. However, a deductible that applies on a per **Location** basis, will apply separately to each **Location** where the physical loss or damage occurred regardless of the number of **Locations** involved in the **Occurrence**.
2. Unless stated otherwise, if two or more deductibles apply to an **Occurrence**, the total deducted will not exceed the largest applicable deductible. If two or more deductibles apply on a per **Location** basis in an **Occurrence**, the largest deductible applying to each **Location** will be applied separately to each such Location.
3. If separate Property Damage and Time Element loss deductibles are shown, then the deductibles shall apply separately.
4. For the Insured's **International Insurance Program**, it is agreed that for the purpose of the application of the deductible(s), that the deductible(s) amounts applied under local policy(ies) and **FoS (Freedom of Services) policy(ies)**, for loss for the same **Occurrence** as payable under this Policy are added together. Deductibles that apply to types of coverage, causes of loss, specific **Location** or specific property will be added together in the applicable policy(ies) in the same manner that they are applied under this Policy.

If the sum of deductible(s) produced by this calculation is greater than the applicable deductible(s) as shown in the Declarations for the loss for the same **Occurrence**

payable under this Policy, the Company shall undertake to reimburse the amount that exceeds the applicable deductible(s) as shown in the Declarations of this policy.

If the sum of deductible(s) produced by this calculation is less than the applicable deductible(s) as shown in the Declarations for the loss for the same **Occurrence** payable under this Policy, then the difference between the applicable deductible under this Policy and the sum calculated above will be applied under this Policy.

5. Policy Deductible(s)

- a). \$0.00 combined coverages
- a). \$0.00 Property Damage(PD) & \$0.00 Time Element (TE)
- a). \$0.00 Property Damage(PD) & X*ADV Time Element (TE)
- a). \$0.00 Property Damage(PD) & X* DV Time Element(TE)
- a). \$0.00 Property Damage(PD) & Days Time Element(TE)
- a). \$0.00 Property Damage(PD) & Hours Time Element(TE)
- a). <Insert wording for the required deductible(s).>

per **Occurrence** except as follows:

b). Exceptions to Policy Deductible(s)

1). Contingent Time Element

\$0.00 per Location at each **Direct Dependent Time Element Location, Indirect Dependent Time Element Location, and Attraction Property** where the physical loss or damage occurs regardless of any other deductibles that may also apply. However, when the loss results from Earthquake, **Named Storm** and/or **Flood** such loss shall be subject to its respective deductible(s) for **Direct Dependent Time Element Location** as follows:

<Insert wording for the required deductible(s) per location.>

2). Earthquake

The following deductibles apply to loss or damage caused by or resulting from earthquake. This earthquake deductible will apply regardless of any other deductibles that may also apply.

- i). **\$0.00** combined coverages
- i). \$0.00 Property Damage (PD) & \$0.00 Time Element (TE)
- i). \$0.00 Property Damage (PD) & X*ADV Time Element (TE)
- i). \$0.00 Property Damage (PD) & X* DV Time Element (TE)
- i). \$0.00 Property Damage (PD) & Days Time Element (TE)
- i). \$0.00 Property Damage (PD) & Hours Time Element (TE)
- i). <Insert wording for the required deductible(s)>

per **Occurrence** except as follows:

ii). As respects **Locations** in Zone 1:

- aa). Property Damage – \$0.00 or % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property

insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - **\$0.00 or** % of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc).The above earthquake deductibles are subject to a minimum deductible of< **\$0.00** for Property Damage and \$0.00 Time Element> <\$0.00 combined> <per Location><per **Occurrence**>>.

iii). As respects **Locations** in Zone 2:

aa). Property Damage – \$0.00 or % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - **\$0.00 or** % of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc).The above earthquake deductibles are subject to a minimum deductible of < **\$0.00** for Property Damage and \$0.00 Time Element >> \$0.00 combined> <per Location><per **Occurrence**>>.

3). **Flood**

The following deductibles apply to loss or damage caused by or resulting from **Flood**. This **Flood** deductible will apply regardless of any other deductibles that may also apply.

- i). **\$0.00** combined coverages
- i). **\$0.00** Property Damage (PD) & **\$0.00** Time Element (TE)
- i). **\$0.00** Property Damage (PD) & X*ADV Time Element (TE)
- i). **\$0.00** Property Damage (PD) & X* DV Time Element (TE)
- i). **\$0.00** Property Damage (PD) & Days Time Element (TE)
- i). **\$0.00** Property Damage (PD) & Hours Time Element (TE)
- i). <Insert wording for the required deductible(s)>

per **Occurrence** except as follows:

ii). As respects **Locations** with any part of the legal description within a **100-year flood plain**:

aa). Property Damage – \$0.00 or % of the value per the <most current Statement of Values <on file with the company>> <

Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - \$0.00 or % of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc).The above **Flood** deductibles are subject to a minimum deductible of < \$0.00 for Property Damage and \$0.00 Time Element> < \$0.00 combined> <per Location><per **Occurrence**>>.

iii). As respects **Locations** outside a **100-year flood plain**, but with any part of the legal description within a **500-year flood plain**:

aa). Property Damage – \$0.00 or % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - \$0.00 or % of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc).The above **Flood** deductibles are subject to a minimum deductible of < \$0.00 for Property Damage and \$0.00 Time Element> < \$0.00 combined> <per Location><per **Occurrence**>>.

4). **Named Storm**

The following deductibles apply to loss or damage caused by or resulting from **Named Storm**. The **Named Storm** deductible will apply regardless of any other deductibles that may also apply.

- i). **\$0.00** combined coverages
- i). **\$0.00** Property Damage (PD) & **\$0.00** Time Element (TE)
- i). **\$0.00** Property Damage (PD) & X*ADV Time Element (TE)
- i). **\$0.00** Property Damage (PD) & X* DV Time Element (TE)
- i). **\$0.00** Property Damage (PD) & Days Time Element (TE)
- i). **\$0.00** Property Damage (PD) & Hours Time Element (TE)
- i). <Insert wording for the required deductible(s)>

per **Occurrence** except as follows:

ii). As respects **Locations** in Zone 1:

aa). Property Damage – \$0.00 or % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - \$0.00 or % of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

< cc).The above **Named Storm** deductibles are subject to a minimum deductible of < \$0.00 for Property Damage and \$0.00 Time Element> < \$0.00 combined> <per Location><per **Occurrence**>>.

iii). As respects **Locations** in Zone 2:

aa). Property Damage – \$0.00 or % of the value per the <most current Statement of Values <on file with the company>> < Valuation clause of the General Conditions section, of the property insured> as of the date of loss, for the **Location** where the direct physical loss or damage occurred, per **Location**.

bb). Time Element - \$0.00 or % of the full 12 months Gross Earnings or Gross Profit values that would have been earned following the **Occurrence** by use of the facilities at the **Location** where the direct physical loss or damage occurred and all other **Locations** where Time Element loss ensues, per **Location**.

< The value of aa). & bb). above combined.>

<cc). The above **Named Storm** deductibles are subject to a minimum deductible of< \$0.00 for Property Damage and \$0.00 Time Element> < \$0.00 combined> <per Location><per **Occurrence**>>.

SECTION III - PROPERTY DAMAGE

A. COVERED PROPERTY

This Policy insures the following property, unless otherwise excluded elsewhere in this Policy, located at an Insured Location or within 1,000 feet thereof or as otherwise provided for in this Policy.

1. The Insured's interest in buildings (or structures) including new construction, alterations, additions, and repairs; that the Insured owns, occupies, leases or rents.
2. The Insured's interest in Personal Property, including **Improvements and Betterments**.
3. Personal Property of Others that is in the Insured's care, custody or control: in which the Insured has an insurable interest or obligation; for which the Insured is legally liable; or for which the Insured has agreed in writing prior to any loss or damage to provide coverage. Coverage is limited to this property and will not extend to any Time Element Coverage provided under this Policy.
4. Personal Property of officers and employees of the Insured.

B. PROPERTY NOT COVERED

1. **Money**, precious metal in bullion form, notes, or **Securities**.
2. Watercraft or aircraft, except when unfueled and manufactured by the Insured.
3. Spacecraft, satellites, associated launch vehicles and any property contained therein.
4. Animals, standing timber and growing crops.
5. Bridges and tunnels when not part of a building or structure, dams, dikes, piers, wharfs, docks or bulkheads.
6. Land, water or any other substance in or on land; except this exclusion does not apply to:
 - a). **Land Improvements**, however, **Land Improvements** at a golf course are excluded.
 - b). Water that is contained in any enclosed tank, piping system or any other processing equipment.
7. Mines, mineshafts, caverns and any property contained therein.
8. **Vehicles** of officers and employees of the Insured or vehicles otherwise insured for physical loss or damage.
9. Transmission and distribution lines situated beyond 1,000 feet of the Insured Location.
10. Property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers; except as provided by the Deferred Payments Coverage of this Policy.
11. Property **In Transit**, except as otherwise provided by the Transit Coverage of this Policy.
12. **Electronic Data, Programs and Software**, except when they are **Stock in Process, Finished Stock, Raw Materials**, supplies or other **Merchandise** or as otherwise provided by the Computer Systems Damage Coverage or **Valuable Papers and Records** Coverage of this Policy.

C. EXCLUSIONS

The following exclusions apply unless specifically stated elsewhere in this Policy:

1. This Policy excludes the following unless it results from direct physical loss or damage not excluded by this Policy.
 - a). **Contamination**, and any cost due to **Contamination** including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy, except as provided by the Radioactive Contamination Coverage of this Policy.
 - b). Changes in size, color, flavor, texture or finish.
2. This Policy excludes:
 - a). Loss or damage arising from delay, loss of market, or loss of use.
 - b). Indirect or remote loss or damage.
 - c). Law and Interference:
 - 1). Loss or damage arising from the enforcement of any law, ordinance, regulation or rule regulating or restricting the construction, installation, repair, replacement, improvement, modification, demolition, occupancy, operation or other use, or removal including debris removal of any property; or
 - 2). Loss or damage arising from the interference by strikers or other persons with rebuilding, repairing or replacing property or with the resumption or continuation of the Insured's business.

except as provided by the Decontamination Costs and Demolition and Increased Cost of Construction Coverage of this Policy.
 - d). Unexplained or mysterious disappearance or shortage disclosed on taking inventory.
 - e). Loss or damage resulting from the Insured's suspension of business activities, except to the extent provided by this Policy.
3. This Policy excludes direct physical loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:
 - a). Nuclear reaction or radiation, any by-product of nuclear reaction, any radiological material or radioactive contamination however caused; but if direct physical loss of or damage to Covered Property by fire or sprinkler leakage results, the Company will pay for the loss or damage caused by the fire or sprinkler leakage.
 - b). 1). War and hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack or invasion by:
 - i). Any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces;
 - ii). Military, naval or air forces; or
 - iii). An agent of any government, power, authority or forces.

- 2). Insurrection, rebellion, revolution, civil war, martial law, usurped power or action taken by governmental authority in hindering, combating or defending against any of these.
 - 3). Any weapon of war or of mass destruction employing biological or chemical warfare, atomic fission, atomic fusion, radioactive force or radioactive material, whether in time of peace or war regardless of who commits the act.
 - 4). Seizure or destruction under quarantine or customs regulation, commandeering, confiscation, nationalization, or destruction by order of governmental or public authority. However, destruction by order of governmental or public authority to prevent spread of fire is covered.
 - 5). Risks of contraband, or illegal transit or trade.
- c). Dishonest, fraudulent or criminal acts by the Insured or any of the Insured's associates, proprietors, partners, officers, employees, directors, trustees or authorized representatives.

This exclusion does not apply to acts of direct physical loss or damage resulting from a **Covered Cause of Loss** intentionally caused by any individual specified above and done without the knowledge of the Insured. In no event does this Policy cover loss caused by theft by any individual above.

- d). Lack of the following services:
- 1). Incoming electricity, fuel, water, gas, steam, refrigerant;
 - 2). Outgoing sewage; or
 - 3). Incoming or outgoing voice, data or video.

All when caused by an event off the Insured Location (except as provided in Off Premises Service Interruption Property Damage and Time Element Coverage of this Policy). But, if the lack of such service results in a **Covered Cause of Loss**, this exclusion does not apply to the loss or damage caused by the **Covered Cause of Loss**.

- e). The effects of rain, sleet, or snow, whether or not driven by wind, on the interior portion of buildings under construction, alteration and/or addition when the installation of the roof, walls and windows of such buildings has not been completed.
 - f). If a Limit of Liability is identified as **NCP** in Section II-Declarations, the applicable Special Coverage, **Described Cause of Loss**, or portion of coverage is excluded from coverage.
4. This Policy excludes the following, but if any of these results in a **Covered Cause of Loss**, the exclusion does not apply to the loss or damage caused by the **Covered Cause of Loss**:
- a). Faulty, inadequate or defective design, specifications, workmanship, construction or materials used.
 - b). Loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested or otherwise worked on.
 - c). Corrosion, depletion, deterioration, erosion, inherent vice, latent defect, rust, wear and tear.
 - d). Changes of temperature (except to machinery or equipment) or changes in relative humidity, all whether atmospheric or not.
 - e). Settling, cracking, shrinking, bulging or expansion of: foundations (including any pedestal, pad, platform or other property supporting machinery), floors, pavements, walls, ceilings or roofs.

- f). Insects, animals or vermin damage.
 - g). Cumulative effects of smog, smoke, vapor, liquid and dust.
5. Exclusions Applicable to Specific Jurisdictions:
- a). Germany: This Policy excludes physical loss or damage directly or indirectly caused by or resulting from **Sturmflut** regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.
 - b). Netherlands: This Policy excludes physical loss or damage directly or indirectly caused by or resulting from the failure or overflowing of dikes, dams, floodgates or other similar works, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss. However, if there is ensuing physical loss or damage by fire or explosion, the exclusion does not apply to the loss or damage caused by the fire or explosion.
 - c). All **Locations** outside of the USA, its territories, possessions and missions, and the Commonwealth of Puerto Rico:
 - 1). This Policy excludes loss or damage that is covered under any government or national program, pool or scheme. This policy shall apply as excess of any amounts recoverable under such programs, pools or schemes, subject to the Policy provisions, including applicable exclusions, deductibles and limits, all as shown in this section and elsewhere in this Policy.
 - 2). This Policy excludes physical loss or damage directly or indirectly caused by or resulting from any **Terrorist Activity** regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.
 - d). The Republic of South Africa, Transkei, Ciskei Bophuthatswana, Venda and South West Africa (Namibia): This Policy excludes physical loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:
 - 1). i). Civil commotion, labor disturbances, riot, strike, lockout, or public disorder or any act or activity which is calculated or directed to bring about any of the above.
 - ii). War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), or civil war including, but not limited to, the application or maintenance of martial law or state of siege.
 - aa). Mutiny, military uprising, military or usurped power, martial law, or state of siege or any other event or cause which results in the proclamation or maintenance of martial law or state of siege.
 - bb). Insurrection, rebellion or revolution.
 - iii). Any act (whether on behalf of any organization, body or person or group of persons) calculated or directed to overthrow or influence any state or government or any provincial, local or tribal authority by force or by means of fear, terrorism or violence.
 - iv). Any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change in protest against any state or government or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public or any section thereof.

- v). Any attempt to perform any act referred to in clauses iii). or iv). above.
- vi). The act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with the circumstance referred to in clause i)., ii)., iii)., iv)., or v). above.

If the Company alleges that by reason of i)., ii)., iii)., iv)., v). or vi). of this exclusion, loss or damage is not covered by this Policy, the burden of proving the contrary shall rest on the Insured.

- 2). Any **Occurrence** for which a fund has been established in terms of the War Damage Insurance and Compensation Act 1978 (No.85 of 1978) or any similar Act operative in any of the territories to which this Policy applies.

SECTION IV - TIME ELEMENT

A. Loss Insured

The Company will pay for the actual Time Element loss the Insured sustains, as provided in the Time Element Coverages, during the Period of Liability. The Time Element loss must result from the necessary **Suspension** of the Insured's business activities at an Insured Location. The **Suspension** must be due to direct physical loss of or damage to Property (of the type insurable under this Policy other than **Finished Stock**) caused by a **Covered Cause of Loss** at that Location, or as provided in Temporary Removal of Property or Off Premises Storage for Property Under Construction Coverages.

The Company will also pay for the actual Time Element loss sustained by the Insured, during the Period of Liability at other Insured Locations. The Time Element loss must result from the necessary **Suspension** of the Insured's business activities at the other Insured Locations. Such other Location must depend on the continuation of business activities at the **Location** that sustained direct physical loss or damage caused by a **Covered Cause of Loss**.

There is recovery only to the extent that the Insured is: unable to make up lost production within a reasonable period of time not limited to the period during which production is **Suspended**; unable to continue such operations or services during the Period of Liability; and able to demonstrate a loss of revenue for the operations, services or production **Suspended**.

The Company insures Time Element loss only to the extent it cannot be reduced by:

- 1). The Insured resuming business activities in whole or part;
- 2). Using damaged or undamaged property (including **Raw Stock, Stock in Process** or **Finished Stock**) at the Insured Location or elsewhere;
- 3). Using the services or property of others;
- 4). Working extra time or overtime; or
- 5). The use of other **Locations** not covered under this Policy.

The Company will include in any calculation the combined operating results of all Insured Locations and associated or affiliated companies of the Insured in determining the Time Element loss.

In determining the Time Element loss, the Company will evaluate the experience of the business before and after the loss or damage and the probable experience had no direct physical loss or damage occurred at an Insured Location during the Period of Liability.

B. TIME ELEMENT COVERAGES

1. Gross Earnings

a). Gross Earnings loss is the actual loss sustained, less charges and expenses that do not necessarily continue during the **Suspension** of the Insured's business activities. Consideration shall be given to the continuation of normal charges and expenses, including payroll to the extent necessary to resume the Insured's business activities with the same quality of service that existed immediately preceding the loss.

b). For the purpose of this insurance, Gross Earnings is determined as follows:

1). The sum of:

i). Total net sales value of production;

ii). Total net sales of **Merchandise**;

iii). The rental income from the rented portions of such Property according to leases, contracts or agreements in force at the time of loss; and

iv). Other income derived from the Insured's business activities

2). Less the cost of the following:

i). **Raw Stock** from which production is derived;

ii). Supplies consisting of materials consumed directly in conversion of **Raw Stock** into **Finished Stock** or in supplying the service(s) sold by the Insured;

iii). **Merchandise** sold, including related packaging materials; and

iv). Service(s) purchased from outsiders (not Insured's employees) for resale, which do not continue under contract.

c). This Policy will also pay:

1). The reasonable and necessary expenses incurred (except the cost to extinguish a fire) by the Insured to reduce the amount of Gross Earnings loss during the Period of Liability. This Policy will pay for such expenses to the extent that they do not exceed the amount of Gross Earnings loss that otherwise would have been payable. This provision will not pay for the cost of permanent repair or replacement of property that has suffered direct physical loss or damage.

2). If not otherwise payable under 1). above, the cost the Insured incurs to rent a temporary location when an Insured Location is untenable. This amount is not to exceed the fair rental value, at the time of loss, for such untenable portion of the Insured Location.

d). Any amount recovered under property damage coverage at selling price for loss or damage to **Merchandise** will be considered to have been sold to the Insured's regular customers and will be credited against lost sales.

2. EXTRA EXPENSE

The Company will pay for the reasonable and necessary Extra Expenses incurred by the Insured, during the Period of Liability, to resume and continue as nearly as practicable the Insured's normal business activities that otherwise would be necessarily suspended, due to direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property at an Insured Location.

The Company will reduce the amount payable as Extra Expense by the fair market value remaining at the end of the Period of Liability for property obtained in connection with the above.

Extra Expenses mean that amount spent to continue the Insured's business activities over and above the expenses the Insured would have normally incurred had there been no necessary **Suspension** of the Insured's business activities. Extra Expense does not include any Gross Earnings or Gross Profit loss, the cost of permanent repair or replacement of property that has suffered direct physical loss or damage, or expenses otherwise payable elsewhere in the Policy.

3. LEASEHOLD INTEREST

The Company will pay for the actual **Leasehold Interest** loss incurred by the Insured (as lessee) resulting from direct physical loss of or damage caused by a **Covered Cause of Loss** to a building (or structure) which is leased and not owned by the Insured, as follows:

- a). If the building (or structure) becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Company will pay the Insured the present value of the actual rent payable for the unexpired term of the lease, not including any options;
- b). If the building (or structure) becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Company will pay the Insured for the proportionate amount of the actual rent paid; or
- c). If the lease is cancelled by the lessor pursuant to the terms of the lease agreement or by operation of law, this Policy will pay the Insured for their **Leasehold Interest** for the first three (3) months following the loss or damage and for their **Net Lease Interest** for the remaining unexpired term of the lease.

The Insured must use any suitable property or service owned, controlled, or obtainable from any source to reduce the loss.

In addition to the exclusions elsewhere in this Policy, the following exclusions apply to **Leasehold Interest** loss:

- a). Any increase in the **Leasehold Interest** loss resulting from the suspension, lapse or cancellation of any lease;
- b). Any loss from the Insured exercising an option to cancel the lease; or
- c). Any loss from an act or omission by the Insured that constitutes default under the lease.

4. GROSS PROFIT

Gross Profit applies to Insured Locations outside of the USA, its territories and possessions and the Commonwealth of Puerto Rico, when Gross Profit Coverage is afforded on the local policy at the **Location** where physical loss or damage actually occurred. In such situations, Gross Profit will apply in place of Gross Earnings.

- a). Loss of Gross Profit is the amount produced by the following calculation:

[**Standard Turnover**] minus {**Turnover** during the Period of Liability} multiplied by [**Rate of Gross Profit**] plus

- 1). The expenses, (except the cost to extinguish a fire), that the Insured incurs during the Period of Liability for the sole purpose of minimizing any reduction in **Turnover**. These expenses are not to

exceed the amount produced by multiplying the **Rate of Gross Profit** by the amount of any reduction in **Turnover** avoided as a result of such expenses; minus

- 2). The sum of all expenses, payable out of Gross Profit, which cease or are reduced during the Period of Liability.
- b). If during the Period of Liability property is sold or services rendered elsewhere than at the Insured Location for the benefit of the Insured's business activities either by the Insured or by others on the Insured's behalf, the money paid or payable in respect of such sales or services shall be brought into account in arriving at the **Turnover** during the Period of Liability.
- c). Adjustments will be made if any shortage in **Turnover** due to the direct physical loss or damage is postponed by reason of the **Turnover** being temporarily maintained from accumulated stocks of finished goods in warehouses and/or depots.
- d). Adjustments will be made to **Rate of Gross Profit** and **Standard Turnover** as necessary to provide for: the trend, variations in, or special circumstances affecting the Insured's business activities either before or after the physical loss or damage, or which would have affected the Insured's business activities had the physical loss or damage not occurred. Adjusted figures shall represent as nearly as may be reasonably practicable the results which but for the physical loss or damage would have been obtained during the Period of Liability.
- e). Any amount recovered under property damage coverage at selling price for loss or damage to **Merchandise** will be considered to have been sold to the Insured's regular customers. This amount will be credited against lost sales.

5. EXCLUSIONS

In addition to the exclusions elsewhere in this Policy, the following exclusions apply to Time Element Coverage:

This Policy does not insure against:

- a). Any loss during any idle period that would have been experienced had the **Suspension** of business activities not occurred. This includes, but is not limited to, when production, operation, services, delivery or receipt of goods or services or any other business activities would have ceased, or would not have taken place or would have been prevented due to:
 - 1). Physical loss or damage not insured by this Policy on or off of the Insured Location;
 - 2). Planned or rescheduled shutdown;
 - 3). Strikes or other work stoppage; or
 - 4). Any reason other than physical loss or damage insured by this Policy.
- b). Any increase in Time Element loss due to:
 - 1). Suspension, cancellation or lapse of any lease, contract, license or orders;
 - 2). Fines or damages for breach of contract or for late or non-completion of orders;
 - 3). Penalties of any nature; or
 - 4). Any other consequential or remote factors.

- c). Any loss resulting from loss or damage to finished goods manufactured by the Insured, nor the time required for their reproduction.

C. PERIOD OF LIABILITY

1. The Period of Liability applying to all Time Element Coverages, except Gross Profit and **Leasehold Interest**, and as shown below or if otherwise provided under any Special Coverage, and subject to any Time Limit provided in the Limits of Liability clause in Section II-Declarations, is as follows:
 - a). For building and equipment: The period starting from the time of physical loss or damage of the type insured against and ending when with due diligence and dispatch the building and equipment could be repaired or replaced, and made ready for operations under the same or equivalent physical and operating conditions that existed prior to the damage. The expiration of this Policy will not limit the Period of Liability.
 - b). For building and equipment under construction: The equivalent of the above period of time will be applied to the level of business that reasonably would have been achieved after construction and startup would have been completed had there been no direct physical loss or damage. Due consideration will be given to the actual experience of the business after completion of the construction and startup.
 - c). For **Stock in Process** and **Merchandise**: The period of time required with the exercise of due diligence and dispatch to restore **Stock in Process** to the same state of manufacture in which it stood at the inception of the interruption of production or suspension of business operations or services and to replace physically damaged **Merchandise**.
 - d). For **Raw Materials** and supplies: The period of time of actual interruption of production or suspension of operations or services resulting from the inability to get suitable **Raw Materials** and supplies to replace **Raw Materials** and supplies damaged, but limited to that period for which the damaged **Raw Materials** and supplies would have supplied operating needs.
2. The Period of Liability applying to Gross Profit is as follows:
 - a). The period starting from the time of direct physical loss or damage of the type insured against and ending not later than the period of time shown in the Limits of Liability clause of the Declarations section, during which period the results of the business shall be directly affected by such direct physical loss or damage. The expiration of this Policy will not limit the Period of Liability.
 - b). For property under construction: The period starting on the date that production, business operation or service would have commenced if physical damage of the type insured against had not happened and ending not later than the period of time shown in the Limits of Liability clause of the Declarations section, during which period the results of the business shall be directly affected by such damage. The expiration of this Policy will not limit the Period of Liability.

The **Rate of Gross Profit** and **Standard Turnover** will be based on the experience of the business after construction is completed and the probable experience during the Period of Liability.
3. The Period of Liability applying to all Time Element Coverage, except Gross Profit and **Leasehold Interest**, or if otherwise provided under any Special Coverage, and subject to any Time Limit provided in the Limits of Liability clause in Section II-Declarations, does not include any additional time due to the Insured's inability to resume operations for any reason, including but not limited to:
 - a). Making changes to equipment;
 - b). Making changes to the buildings or structures except as provided in the Demolition and Increased Costs of Construction Coverage of the Special Coverages section; or

- c). Re-staffing or retraining employees.

SECTION V - SPECIAL COVERAGES & DESCRIBED CAUSES OF LOSS

A. Operation of Special Coverages & **Described Causes of Loss**:

1. Special Coverages & **Described Causes of Loss** are subject to the applicable Limit of Liability and are included within and will not increase the Policy Limit.
2. Special Coverages & **Described Causes of Loss** are subject to the Policy provisions, including applicable exclusions and deductibles, all as shown in this section and elsewhere in this Policy, whether or not a Limit of Liability is shown.
3. If coverage is afforded under any Special Coverage or **Described Cause of Loss**, the applicable Limit of Liability for that Special Coverage or **Described Cause of Loss** is the most the Company will pay for all the loss or damage described therein even if coverage would otherwise be available under any other part of this Policy.
4. If no Limit of Liability is shown in this Policy, the Limit of Liability for that Special Coverage or **Described Cause of Loss** is part of the Policy Limit.
5. If **NCP** is shown for any Special Coverage or **Described Cause of Loss** in this Policy, then no coverage is provided for that Special Coverage or **Described Cause of Loss**.
6. If two or more Limits of Liability apply to a claim for loss or damage, or some part thereof, the lesser applicable Limit of Liability shall apply to the claim, or to the part thereof.

The Company will pay no more in any one (1) **Occurrence** than our proportionate share of any applicable Limit of Liability regardless of the number of **Locations** affected by such **Occurrence** and regardless of whether additional or greater limits would otherwise be available under any other part of this Policy.

Any **Annual Aggregate** limit is the most the Company will pay in any one (1) **Policy Year** regardless of the number of **Occurrences**.

In the event of loss or damage involving any one or more of the following Special Coverage or **Described Causes of Loss**, the Company will pay no more for the total of all such coverage combined than our proportionate share of the Policy Limit.

B. Description of Special Coverages

1. ACCOUNTS RECEIVABLE

- a). The Company will pay for the actual loss sustained resulting from direct physical loss of or damage caused by a **Covered Cause of Loss** to the Insured's accounts receivable records as respects the following:
 - 1). All sums due the Insured from customers, provided the Insured is unable to collect these sums as a result of direct physical loss or damage to accounts receivable records;
 - 2). Interest charges on any loan obtained by the Insured to offset impaired collections resulting from direct physical loss of or damage to accounts receivable records but only for such period of time reasonable and necessary for the Insured to resume normal collections;
 - 3). Necessary collection expense in excess of normal collection cost due to direct physical loss of or damage to accounts receivable records; and
 - 4). Other expenses, when reasonably incurred by the Insured in re-establishing accounts receivable records following direct physical loss of or damage to accounts receivable records.

For the purpose of this insurance, credit card charge records shall be deemed to represent sums due the Insured from customers, until the charge records are delivered to the credit card company.

- b). When there is proof that direct physical loss of accounts receivable records has occurred and the Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of loss, the amount payable shall be computed as follows:
- 1). The monthly average of accounts receivable during the last available twelve (12) months; the reasonable and necessary collection expenses in excess of normal collection costs due to direct physical loss of or damage to accounts receivable records; and the reasonable and necessary expenses incurred in reestablishing accounts receivable records following direct physical loss or damage, shall be adjusted in accordance with the percentage increase or decrease in the twelve (12) months average of monthly gross revenues which may have occurred in the interim.
 - 2). The monthly amount of accounts receivable as established in b).1). above shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred. Consideration will also be given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.
- c). The Company shall deduct from the total amounts of account receivable, the amount of accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which the Insured normally would have been unable to collect and for the normal collection costs incurred due to accounts receivable.
- d). The following additional exclusions apply:

This Coverage does not insure against shortage resulting from:

- 1). Bookkeeping, accounting or billing errors or omissions; or
- 2). Alteration, falsification, manipulation; or
- 3). Concealment, destruction or disposal;

of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property; but only to the extent of such wrongful giving, taking, obtaining or withholding.

2. BRANDS AND LABELS

If branded or labeled property insured by this Policy sustains direct physical loss or damage and the Company elects to take all or any part of that property, the Company will pay for the Insured, to stamp "salvage" on the property or its containers; or remove or obliterate the brands or labels, if doing so will not damage the property. In either event, the Insured must re-label such property or its containers to comply with any applicable law.

3. CIVIL AUTHORITY

The Company will pay for the actual Gross Earnings or Gross Profit loss sustained by the Insured, as provided by this Policy, resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if the **Suspension** is caused by order of civil authority that prohibits access to the **Location**. That order must result from a civil authority's response to direct physical loss of or damage caused by a **Covered Cause of Loss** to property not owned, occupied, leased or rented by the Insured or insured under this Policy and located within the distance of the Insured's Location as stated in the Declarations. The Company will pay for

the actual Gross Earnings or Gross Profit loss sustained, in excess of the applicable deductible, during the time the order remains in effect, but not to exceed the number of consecutive days following such order as stated in the Declarations up to the limit applying to this Coverage.

4. COMPUTER SYSTEMS DAMAGE

The Company will pay for direct physical loss of or damage to the Insured's **Electronic Data, Programs, Software** or hardware and the actual Time Element loss sustained, as provided by this Policy, during the **Period of Interruption** directly resulting from any failure, malfunction, deficiency, deletion, fault, **Computer Virus** or corruption to the Insured's **Electronic Data, Programs, Software** or hardware at an Insured Location. The Company will also pay for such loss or damage that may arise out of or result from any authorized or unauthorized access in, of, or to any computer, communication system, file server, networking equipment, computer system, computer hardware, data processing equipment, computer memory, microchip, microprocessor, integrated circuit or similar device.

This Coverage will only apply when the **Period of Interruption** exceeds the time shown as **Qualifying Period** in the **Qualifying Period** clause of the Declarations section. If the **Qualifying Period** is exceeded, then this Policy will pay for the amount of loss in excess of the Policy Deductible, but not more than the limit applying to this Coverage.

The following additional exclusions apply:

- a). The Company will not pay for any loss or damage to **Electronic Data, Programs** or **Software** when they are **Raw Stock, Stock in Process, Finished Stock** manufactured by the Insured, and supplies or other **Merchandise**.
- b). Errors or omissions in processing or copying, except when direct physical loss or damage caused by a **Covered Cause of Loss** results. Then only that resulting damage is covered.
- c). Loss or damage to **Electronic Data, Programs** or **Software** from errors or omissions in programming or machine instructions; unless direct physical loss or damage caused by a **Covered Cause of Loss** results. Then only that resulting damage is covered.

5. CONTINGENT TIME ELEMENT

This Policy covers the actual Time Element loss as provided by the Policy, sustained by the Insured during the Period of Liability directly resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if the **Suspension** results from direct physical loss of or damage caused by a **Covered Cause of Loss** to Property (of the type insurable under this Policy other than **Finished Stock**) at **Direct Dependent Time Element Locations, Indirect Dependent Time Element Locations, and Attraction Properties** located within the coverage Territory and **Prohibited Jurisdictions**.

- a). As respects Contingent Time Element:
 - 1). The Insured will influence and cooperate with the **Direct Dependent Time Element Locations, Indirect Dependent Time Element Locations, and Attraction Properties** in every way and take any reasonable and necessary action, including the use of other machinery, supplies or locations, to mitigate the loss payable hereunder.
 - 2). In determining the indemnity payable hereunder, the Company will consider the amount of income derived before the date of physical loss or damage and the probable amount of income after the date of loss or damage.
 - 3). Time Element 5. Exclusion c). does not apply.

b). Contingent Time Element Coverage Exclusions:

As respects **Indirect Dependent Time Element Locations** and **Attraction Properties** the following additional exclusions apply:

Time Element loss resulting from physical loss or damage to **Indirect Dependent Time Element Locations** and **Attraction Properties** caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1). Earthquake;
- 2). **Flood**; or
- 3). **Named Storm**.

6. DEBRIS REMOVAL

This Policy covers the reasonable and necessary costs incurred to demolish and remove debris of Property from an Insured Location that remains following direct physical loss or damage resulting from a **Covered Cause of Loss**.

This Coverage does not cover the costs to remove:

- a). Property Not Covered that is **Contaminated**; or
- b). The **Contaminant** in or on Property Not Covered, whether or not the **Contamination** results from direct physical loss or damage caused by a **Covered Cause of Loss**. This Coverage shall cover the costs of removal of **contaminated** Covered Property or the **Contaminant** in or on Covered Property only if the **Contamination**, due to the actual not suspected presence of **Contaminant(s)**, of the debris resulted from direct physical loss or damage caused by a **Covered Cause of Loss**.

7. DECONTAMINATION COSTS

If Covered Property is **Contaminated** from direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property and there is in force at the time of the loss any law or ordinance regulating **Contamination** due to the actual not suspected presence of **Contaminant(s)**, then this Policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such **Contaminated** Covered Property in a manner to satisfy such law or ordinance. This Coverage applies only to that part of Covered Property so **Contaminated** due to the actual not suspected presence of **Contaminant(s)** as a result of direct physical loss or damage. The Company is not liable for the costs required for removing **Contaminated** uninsured property nor the **Contaminant** therein or thereon, whether or not the **Contamination** results from a **Covered Cause of Loss**.

8. DEFERRED PAYMENTS

This Policy will pay for direct physical loss of or damage caused by a **Covered Cause of Loss**, to Personal Property (of the type insurable under this Policy). Such property must be sold by the Insured under a conditional sale, trust agreement, or installment or deferred payment plan. Such property must have been delivered to the buyer. Coverage is limited to the unpaid balance for such property.

In the event of loss to property sold under deferred payment plans, the Insured will use all reasonable efforts, including legal action, if necessary, to collect outstanding amounts due or to regain possession of the property.

Under this Coverage the Policy excludes loss or damage:

- a). Pertaining to products recalled including, but not limited to, the costs to recall, test or to advertise such recall

by the Insured;

- b). From theft or conversion by the buyer of the property after the buyer has taken possession of such property;
- c). To the extent the buyer continues payments; or
- d). Not within the covered Territory of this Policy.

9. DEMOLITION AND INCREASED COST OF CONSTRUCTION

- a). This Policy covers the reasonable and necessary costs incurred, described in item c). below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures at an Insured Location, provided:
 - 1). Such law or ordinance is in force on the date of direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property; and
 - 2). Its enforcement is a direct result of direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property.
- b). This Coverage does not cover loss due to any law or ordinance with which the Insured was required to comply with before the loss, even when the building was undamaged, and the Insured did not comply with.
- c). This Coverage, as respects the property insured in item a). above, covers:
 - 1). The cost to repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance; and
 - 2). The cost:
 - i). To demolish the physically undamaged portion of such property insured; and
 - ii). To rebuild it with materials and in a manner to satisfy such law or ordinance, to the extent that such costs result when the demolition of the insured property is required to satisfy such law or ordinance.
- d). This Coverage excludes any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of **Contamination**.
- e). The Company's maximum liability for this Coverage at each Insured Location in any **Occurrence** will not exceed the actual cost incurred in demolishing the physically undamaged portion of the property insured in item a). above plus the lesser of:
 - 1). The reasonable and necessary actual cost incurred, excluding the cost of land, in rebuilding on another site; or
 - 2). The cost of rebuilding on the same site.

10. ERRORS AND OMISSIONS

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to property which is not payable under this Policy because of an unintentional omission or error at the time of Policy inception in the description or inclusion of any **Location** owned, occupied, leased or rented by the Insured to be Covered Property; but only to the extent this Policy would have provided coverage had the unintentional

omission or error not been made. The Policy also covers the actual Time Element loss sustained by the Insured, during the Period of Liability resulting from the necessary **Suspension** of the Insured's business activities at that **Location**, if the **Suspension** is caused by direct physical loss of or damage caused by a **Covered Cause of Loss** to such Property. The Insured must report any unintentional omission or error as soon as possible.

This Coverage does not apply if there is coverage available under Newly Acquired Coverage or Miscellaneous Unnamed Locations Coverage of this Policy.

11. EXPEDITING COSTS

This Policy covers the reasonable and necessary costs incurred to pay for the temporary repair of direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property and to expedite the permanent repair or replacement of such damaged property.

This Coverage excludes costs recoverable elsewhere in this Policy, or of permanent repair or replacement of damaged property.

12. EXTENDED PERIOD OF LIABILITY

Upon the termination of the Period of Liability (except for locations where the measure of recovery is Gross Profit), this Policy will continue to pay the actual Gross Earnings loss sustained by the Insured until the earlier of:

- a). The date the Insured could restore its business activities, with due diligence, to the condition that would have existed had no direct physical loss or damage occurred to the Insured's Covered Property; or
- b). The number of consecutive days as stated in the Declarations after the date the Insured's Covered Property is actually (or could have been) repaired, rebuilt or replaced and the Insured's business activities are restored to the condition that would have existed if no direct physical loss or damage occurred to the Insured's Covered Property.

13. FINE ARTS

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to **Fine Arts** at an Insured Location.

The following additional exclusions apply:

This Policy excludes loss or damage to **Fine Arts** directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- a). Breakage of bric-a-brac, glassware, marble, porcelain, statuary, and similar fragile property resulting from the article being dropped or knocked over, whether intentional or accidental;
- b). Any repairing, restoring or retouching process; or
- c). Any pre-existing condition.

14. FIRE DEPARTMENT SERVICE CHARGE

The Company will pay for the reasonable additional expenses, resulting from costs of fire extinguishing materials expended, incurred by the Insured when the Fire Department is called to save or protect Covered Property from a **Covered Cause of Loss** at an Insured Location. The Fire Department Service Charges are those:

- a). Assumed by contract or agreement prior to loss or damage; or
- b). Required by local ordinance.

15. IMPOUNDED WATER

The Company will pay for the actual Time Element loss as provided by this Policy, sustained by the Insured during the Period of Liability resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if the **Suspension** is caused by the lack of a supply of water from a water supply stored behind dams or in reservoirs on the Insured Location. The water supply must be used as a **Raw Material** or for generation of power or for other manufacturing purposes. The inadequate supply of water must result from the release of the water from the water supply and be caused by direct physical loss of or damage caused by a **Covered Cause of Loss** to the dam, reservoir, or connected equipment. The Company will pay for the actual Time Element loss sustained, in excess of the applicable deductible, but not to exceed the number of consecutive days as stated in the Declarations after the damaged dam, reservoir or connected equipment has been repaired or replaced, with the exercise of due diligence and dispatch, up to the limit applying to this Coverage.

16. INGRESS/EGRESS

The Company will pay for the actual Gross Earnings or Gross Profit loss sustained by the Insured, as provided by this Policy, resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if ingress or egress to that Insured Location by the Insured's suppliers, customers or employees is prohibited by physical obstruction due to direct physical loss of or damage caused by a **Covered Cause of Loss** to property not owned, occupied, leased or rented by the Insured or insured under this Policy and located within the distance of the Insured Location as stated in the Declarations. The Company will pay for the actual Gross Earnings or Gross Profit loss sustained, in excess of the applicable deductible, during the time ingress or egress remains prohibited by physical obstruction but not to exceed the number of consecutive days as stated in the Declarations following such obstruction up to the limit applying to this Coverage.

17. LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOSAL

This Policy covers the reasonable and necessary cost for the cleanup, removal and disposal of the actual not suspected presence of **Contaminant(s)** from uninsured property consisting of land, water or any other substance in or on land at the Insured Location if the release, discharge or dispersal of such **Contaminant(s)** is a result of direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property.

This Policy excludes the cost to cleanup, remove and dispose of **Contamination** from such property:

- a). At any **Location** insured for Personal Property only;
- b). At any property insured under Newly Acquired, Errors and Omissions or Miscellaneous Unnamed Location Coverage provided by this Policy; or
- c). When the Insured fails to give written notice of loss to the Company within 180 days after inception of the loss.

18. LAND IMPROVEMENTS

The Company will pay for the additional cost of reclaiming, restoring or repairing **Land Improvements** resulting from direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property at an Insured Location.

As respects lawns, plants, shrubs or trees the following additional exclusions apply:

This Policy excludes direct physical loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- a). Earthquake;
- b). **Flood**; or
- c). **Named Storm**.

19. MISCELLANEOUS UNNAMED LOCATIONS

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** at a **Location** and for the actual Time Element loss sustained by the Insured, during the Period of Liability, resulting from the **Suspension** of the Insured's business activities if such **Suspension** is caused by the direct physical loss or damage to:

- a). Covered Property at a **Location** that has been reported to the Insurer, but agreed by the Insurer not to be described;
- b). Covered Property at a **Location** that has not been reported to the Insurer and is under the Insured's care, custody and control; or
- c). Covered Property at a **Location** that has not been reported to the Insurer and is not under the Insured's care, custody and control.

This Coverage will not apply for loss or damage that is payable under any other provision in this Policy.

20. NEWLY ACQUIRED

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to property (of the type insurable under this Policy), at any **Location** purchased, leased or rented by the Insured after the inception date of this Policy. This Coverage applies from the date of purchase, lease or rental. The Policy also covers the actual Time Element loss sustained by the Insured, during the Period of Liability resulting from the necessary **Suspension** of the Insured's business activities at that **Location**, if the **Suspension** is caused by direct physical loss of or damage caused by a **Covered Cause of Loss** to such Property (other than **Finished Stock**).

The Coverage provided above will end at the earliest of: the Policy expiration, the number of consecutive days as stated in the Declarations after the Insured first acquired an interest in the Covered Property, the date construction begins, or when the Insured reports the **Location** to the Insurer.

21. OFF PREMISES SERVICE INTERRUPTION PROPERTY DAMAGE AND TIME ELEMENT LOSS

The Company will pay for direct physical loss of or damage to Covered Property and for the actual Time Element loss sustained as provided by the Policy during the **Period of Service Interruption** at Insured Locations caused by the interruption of an incoming service consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewage service.

The lack of service must result from direct physical loss of or damage caused by a **Covered Cause of Loss** to property at the facilities of the supplier of such service located within this Policy's Territory, that immediately prevents in whole or in part the delivery of such usable services.

This Coverage will only apply when the **Period of Service Interruption** exceeds the time shown as **Qualifying Period** in the **Qualifying Period** clause of the Declarations section. If the **Qualifying Period** is exceeded, then this Policy will pay for the amount of loss in excess of the applicable deductible, but not more than the limit applying to this Coverage.

The following Exclusions do not apply to Off Premises Service Interruption Property Damage and Time Element Loss:

- a). Section III – C. 1.b).;
- b). Section III – C. 3.d). 1). & 2).;
- c). Section III – C. 4.a).,b).,c).,d).,e).,f).,g).

The following additional exclusion applies:

This Policy excludes direct physical loss or damage and Time Element loss directly or indirectly caused by or resulting from the interruption of such services, when such interruption is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.

22. PROFESSIONAL FEES

This Policy covers the actual costs incurred by the Insured, of reasonable fees paid to the Insured's accountants, architects, auditors, engineers, or other professionals and the cost of using the Insured's employees, for producing and certifying any details contained in the Insured's books or documents, or such other proofs, information or evidence required by the Company resulting from loss or damage payable under this Policy for which the Company has accepted liability. This Coverage will not include the fees and costs of attorneys, **Public Adjusters**, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them nor, the fees and costs of loss consultants who provide consultation on coverage or negotiate claims.

23. PROTECTION AND PRESERVATION OF PROPERTY

This Policy covers:

- a). Reasonable and necessary costs incurred for actions to temporarily protect or preserve Covered Property; provided such actions are necessary due to actual, or to prevent impending, physical loss or damage due to a **Covered Cause of Loss** to such Covered Property; and
- b). The actual Gross Earnings or Gross Profit loss sustained by the Insured for a period of time not to exceed the hours listed in the Declarations prior to and after the Insured first taking reasonable action for the temporary protection and preservation of Covered Property. However, such action must be necessary to prevent impending physical loss or damage due to a **Covered Cause of Loss** at such Covered Property.

This Coverage is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

24. RADIOACTIVE CONTAMINATION

The Company will pay for direct physical loss of or damage to Covered Property at a **Scheduled Location** caused by sudden and accidental radioactive contamination, including resultant radiation damage, provided:

- a). Radioactive contamination arises out of material at the **Scheduled Location** which is commonly known to be radioactive;
- b). Radioactive material is kept at the **Scheduled Location** for the purpose of the Insured's business activities; and
- c). There is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel which is intended for or which has been used in that type of nuclear reactor at the **Scheduled Location**.

25. RESEARCH AND DEVELOPMENT

The Company will pay, as Gross Earnings or Gross Profit, for the fixed charges and expenses (including **Ordinary Payroll**) actually incurred by the Insured during the Period of Liability directly attributable to the interruption of research and development project(s) that would not have produced income. The loss must result from the necessary **Suspension** of business activities at an Insured Location that is caused by direct physical loss of or damage caused by a **Covered Cause of Loss** to research and development projects.

This Policy will not pay for any other Time Element loss under this Coverage. Loss under this Coverage does not include any fixed charges and/or expenses (including **Ordinary Payroll**) otherwise payable elsewhere in the Policy.

26. RESEARCH ANIMALS

The Company will pay for death of Research Animals and the Insured's reasonable and necessary costs incurred to research, replace or restore the information lost or damaged when caused by a **Covered Cause of Loss**, while anywhere within this Policy's Territory, including while **In Transit**, when the loss is in excess of the amount stated in the Declarations. No deductible applies to this Coverage. This Coverage does not apply to loss or damage to Research Animals that cannot be replaced with like kind or quality.

The following additional exclusions apply:

- a). Death or destruction from natural causes, unknown causes, medical procedures including surgery, inoculation, parturition, or abortion;
- b). Errors or omission in processing and/or failure on the part of the Insured to provide nourishment, medicine or sanitary conditions;
- c). **Contamination** of animal, food or medicine;
- d). The intentional slaughter of animals;
- e). Escape, unless directly resulting from a **Covered Cause of Loss**; or
- f). Death or destruction resulting from activities of any animal, unless resulting from a **Covered Cause of Loss**.

27. SPOILAGE

In the event of spoilage of **Raw Materials, Stock in Process, Finished Stock or Merchandise**, caused by a **Covered Cause of Loss** the Company will pay for such spoilage provided all of the following conditions are met:

- a). The **Raw Materials, Stock in Process, Finished Stock or Merchandise** must be in storage or in the course of being manufactured;

- b). The Insured must own or be legally liable under written contract for the **Raw Materials, Stock in Process, Finished Stock or Merchandise**; and
- c). The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.

28. TEMPORARY REMOVAL OF PERSONAL PROPERTY

- a). When Covered Property is removed from an Insured Location for the purpose of being repaired or serviced or in order to avoid threatened physical loss or damage of the type insured by this Policy, this Policy covers such property:
 - 1). While at the location to which such property has been moved; and
 - 2). For physical loss or damage as provided at the Insured Location from which such property was removed.
- b). This Coverage does not apply to property:
 - 1). Insured, in whole or in part, elsewhere in this Policy;
 - 2). Insured, in whole or in part, by any other insurance policy; or
 - 3). Removed for normal storage, processing or preparation for sale or delivery.

29. TENANTS PROHIBITED ACCESS

The Company will pay for the actual Gross Earnings or Gross Profit loss sustained, as provided by this Policy, resulting from the necessary **Suspension** of the Insured's business activities at an Insured Location if access to that **Location** by the Insured's suppliers, customers or employees is physically obstructed due to the owner, landlord or a legal representative of the building owner or landlord, prohibiting access to the Insured Location. This Coverage will only apply when the period of time that access is prohibited exceeds the time shown as **Qualifying Period** in the **Qualifying Period** clause of the Declarations section. If the **Qualifying Period** is exceeded, then this Policy will pay for the amount of loss in excess of the Policy Deductible, but not more than the limit applying to this Coverage.

The following additional exclusion applies:

This Policy excludes loss directly or indirectly caused by or resulting from prohibited access to the Insured Location, when such prohibited access is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the use of such **Location** regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.

30. TRANSIT

- a). The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Personal Property and the Insured's interest in Personal Property of Others while **In Transit** within the coverage Territory and including:
 - 1). The Insured's interest in Free on Board (F.O.B) shipments, Free-Along-Side (F.A.S) shipments and Returned shipments. The Insured's contingent interest is admitted.

- 2). The Insured's loss of property caused by fraud or deceit perpetrated by any person or persons who may represent themselves to be the proper party or parties to receive goods for shipment or accept goods for delivery.
 - i). The Insured's legal liability as a carrier of lawful goods and merchandise by vehicles under bills of lading or shipping receipts issued by the Insured, while in the Insured's custody or in the custody of connecting carriers **In Transit**.
 - ii). The Insured's interest in general average, salvage and other charges on shipments covered hereunder.
 - iii). The Insured is granted the privilege to ship under released or limited bills of lading or shipment receipts.
- b). The Company will not pay for loss or damage to:
 - 1). Property while waterborne, except:
 - i). While on the navigable inland waterways of a country;
 - ii). While on roll-on/roll-off ferries between countries; or
 - iii). While on coastal shipments.
 - 2). Property shipped by mail from the time it passes into custody of any governmental postal service;
 - 3). Property for sale while in the care, custody or control of the Insured's sales persons or representatives;
 - 4). Any conveyance used for property **In Transit**;
 - 5). Property insured under any import or export ocean marine insurance; or
 - 6). Property under airborne shipment unless by regularly scheduled passenger airlines or air freight **Carriers**.
- c). If this Policy expires during the due course of transit, coverage is extended until the shipment is delivered to its final destination.

31. VALUABLE PAPERS AND RECORDS

The Company will pay for direct physical loss of or damage caused by a **Covered Cause of Loss** to **Valuable Papers and Records** at an Insured Location. The Company will pay for the value of the blank **Media** and the Insured's reasonable and necessary costs incurred to research, replace or restore the information lost or damaged thereon, including those which exist on electronic or magnetic **Media** that are the Insured's property or the property of others in the Insured's care, custody or control. This Coverage does not apply to loss or damage to property that cannot be repaired or restored with like kind or quality.

32. NEW CONSTRUCTION, ALTERATIONS, ADDITIONS, RENOVATIONS AND REPAIRS

The Company will pay for direct physical loss of or damage to Covered Property and for the actual Time Element loss sustained as provided by the Policy during the Period of Liability resulting from direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property that is new construction, alterations, additions, renovations and repairs at an Insured Location.

33. DELAY IN COMPLETION

The Company will pay for the actual Gross Earnings or Gross Profit loss sustained by the Insured arising out of the **Delay in Completion** to Covered Property that is under construction, erection or installation. The delay must result from direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property that is under construction, erection or installation at an Insured Location.

34. OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION

This Policy covers direct physical loss or damage to property (of the type insurable under this Policy) caused by a **Covered Cause of Loss** that is under contract to be used in a construction project at an Insured Location. Coverage attaches at the time such property is delivered to the Insured or its contractor (with respect to the property under construction) by the manufacturer or supplier and such property is located at a storage site within this Policy's Territory but away from the Insured Location.

This Coverage includes necessary expendable materials and supplies to be used in the construction project but does not include any property owned or rented by the contractor.

35. SOFT COSTS

This Policy covers the Actual Loss Sustained incurred by the Insured as **Soft Costs** during the Period of Liability arising out of the **Delay in Completion** of buildings and additions under construction as results from direct physical loss of or damage caused by a **Covered Cause of Loss** to insured property under construction at an Insured Location.

36. COINSURANCE DEFICIENCY

The Company will pay for the actual loss sustained by the Insured resulting from the application of a coinsurance or average clause, forming part of local insurance policy. The most we will pay under this Coverage is the difference between the amount recoverable under the local insurance policy and the total amount of loss or damage that would be recoverable in the absence of a coinsurance or average clause in the local insurance policy.

37. CURRENCY DEVALUATION

The Company will pay any deficiency in the amount collectible under a local insurance policy caused by devaluation of the currency of the country where the local insurance policy is written. The Insured agrees to adjust deficiencies as soon as practicable after the date of the currency's devaluation.

38. DIFFERENCE IN CONDITIONS

The insurance under this Policy applies on a Difference In Conditions basis, provided the Insured has a loss:

- a). Where the physical loss or damage occurs outside of the United States of America, including its territories and possessions; and
- b). There is a local insurance policy(ies) intended to respond to loss or damage in that country, state or territory but which does not, by its terms, definitions, clauses or conditions provide coverage for part or all of the loss or damage.

In that event, under this provision, the Company will pay for such loss or damage where coverage is provided by the terms, definitions, clauses or conditions of this Policy. The most we will pay under this Coverage is the difference between the amount that would have been payable under this Policy had no local insurance policy(ies) been issued and the amount collectable under the local insurance policy(ies).

The Company will not be liable for non-recovery under a local insurance policy due to any financial failure with respect to such local insurance policy.

It is understood and agreed that no coverage is provided if the Insured is unable to recover in full any loss under any other insurance, if the inability to recover results from an act of deliberate under-insurance on the Insured's part or from failure of the Insured to comply with any condition of such other insurance.

It is understood and agreed that all local insurance policies that are in force at the inception of this Policy will be maintained in full force and effect during the term of this Policy. Renewals or replacement of such a policy(ies) will not be more limited or restrictive than the expiring coverage.

Any coverage provided by the local insurance policy(ies) that is not provided in this Policy does not extend to this Policy.

39. DIFFERENCE IN LIMITS

The insurance under this Policy applies on a Difference In Limits basis, provided the Insured has loss or damage:

- a). Where the physical loss or damage occurs outside of the United States of America, including its territories and possessions;
- b). There is a local insurance policy(ies) intended to respond to such loss or damage in that country, state or territory; and
- c). Such local insurance policy(ies) cover, in whole or part, the same loss or damage as this Policy covers.

In that event, under this provision, the Company will pay the difference between the applicable local insurance policy(ies) limits and the applicable limit in this Policy, provided:

- d). Coverage is provided under the terms and conditions of this Policy; and
- e). The limits under all local policies have been exhausted and the deductible(s) under all such policies have been applied.

The Company will not be liable for non-recovery under any local policy due to any financial failure with respect to local insurance policy.

It is understood and agreed that no coverage is provided if the Insured is unable to recover in full any loss under any other insurance, if the inability to recover results from an act of deliberate under-insurance on the Insured's part or from failure of the Insured to comply with any condition of such other insurance.

It is understood and agreed that all local insurance policies that are in force at the inception of this Policy will be maintained in full force and effect during the term of this Policy. Renewals or replacement of such a policy(ies) will not be more limited or restrictive than the expiring coverage.

Any coverage provided by local insurance policy(ies) that is not provided in this Policy does not extend to this Policy.

40. FINANCIAL INTEREST OF THE FIRST NAMED INSURED

The Company will pay for the **First Named Insured's** financial loss resulting from direct physical loss of or damage caused by a **Covered Cause of Loss** to property (of the type insurable under this Policy) in a **Prohibited Jurisdiction**. Payment will only be to the **First Named Insured** as respects its insurable interest and only to the extent the loss is not otherwise insured, provided the local law in the **Prohibited Jurisdiction**

prohibits coverage under or payment for loss under **Non-Admitted Insurance**, Difference In Conditions Insurance, or Difference In Limits Insurance.

The most we will pay under this Coverage is the amount that would have been payable under this Policy if local law allowed coverage under or payment for loss under **Non-Admitted Insurance**, Difference In Conditions Insurance, or Difference In Limits Insurance.

Notwithstanding the coverage for Financial Interest of the **First Named Insured** granted under this Coverage, it is understood and agreed that any subsidiary located in any **Prohibited Jurisdiction** where local law prohibits coverage under or payment for loss under **Non-Admitted Insurance**, Difference In Conditions Insurance, or Difference In Limits Insurance, is not party to or a beneficiary under this Policy and has no rights under it.

a). This Coverage does not apply to property:

- 1). Located in any country described in Section I - Insuring Agreement C. Territory 1.; or
- 2). Located in any country described in Section I - Insuring Agreement C. Territory 2.

b). Loss under this Coverage does not include anything otherwise payable elsewhere in the Policy.

41. TAX LIABILITY

If the amount of loss covered hereunder cannot be paid in the country where the loss occurred and the corporate tax rate is higher in the country where the payment occurs, and the payee is required to pay tax on the claim proceeds or has realized a reduction of a tax benefit that would otherwise have been recognized in the payee's country of residence, the Company will be liable for an additional loss payment (ALP) in accordance with the following formula:

$$ALP = [((100\% - a) / (100\% - b)) - 1] \times c$$

Where:

ALP = additional loss payment

a = actual effective corporate tax rate in the country where the loss occurred;

b = actual effective corporate tax rate in the country where the loss payments are received;

c = actual loss otherwise payable under this Policy.

Actual Effective Corporate Tax Rate is the amount produced by the following calculation:

Corporate Income Tax to be paid divided by pre-tax Financial Accounting Income for the annual accounting period in which the claims proceeds are paid.

Corporate Income Tax represents the tax payable (after applicable credits, exemptions, rebates or other reductions tax) or reduction of tax benefit items (credits, net operating losses or other similar attributes) related to taxable Financial Accounting Income (income less deductions as determined under the applicable tax law).

Financial Accounting Income shall be determined under generally accepted accounting principles or standards.

Financial Accounting Income and Corporate Income Tax shall be determined in the local currency of the country where the loss occurred with respect to "a" and where the loss payments are received with respect to "b" above.

The ALP will be paid only after receipt of documentation supporting the calculation of "a" and "b" above and a certification by the Chief Executive Officer or Chief Financial Officer of the payee, that to the best of his or her knowledge, based on a review of all applicable financial and tax data:

- 1). The payee is required to pay tax on the claim proceeds or will realize a reduction of a tax benefit that would otherwise have been recognized in the payee's country of residence; and
- 2). The tax to be paid and pre-tax Financial Accounting Income data provided is accurate and complete and fairly presents in all material respects the financial results of the payee in the applicable country.

Notwithstanding the coverage for tax payment granted under this Coverage, it is understood and agreed that the Insured will cooperate with the Company in making every reasonable effort to have the amount of loss paid in the country in which the loss occurred, where permitted by law. In addition the Insured agrees to try to mitigate any loss that the Company may be responsible for under this Tax Liability Coverage.

With respect to payments made under this Coverage, the Company may examine and audit the Insured's books and records at any time up to three years after payment.

42. TENANTS AND NEIGHBORS LIABILITY

The Company will pay for the legal liability imposed on the Insured in a country with the Napoleonic Code or similar civil or commercial code resulting from direct physical loss or damage caused by a **Covered Cause of Loss** to Covered Property:

- a). Of which the Insured is a tenant;
- b). Where such physical loss or damage has spread to the Insured's neighbors or co-tenants; and
- c). Where the Insured's tenants or sub-tenants incur such physical loss or damage as a result of construction defects or lack of maintenance.

C. DESCRIBED CAUSES OF LOSS

1. EARTH MOVEMENT

The Company will pay for direct physical loss of or damage to Covered Property, Time Element loss and Special Coverages loss as provided by this Policy, if such loss or damage is caused by **Earth Movement** regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, ensuing physical loss or damage by fire, explosion, theft, vandalism, sprinkler leakage or **Flood** will not be considered loss by **Earth Movement** within the terms and conditions of this Policy.

All **Earth Movement** that occurs within the period defined in the Declarations will constitute a single **Occurrence**. The expiration of this Policy will not reduce that period. The Insured may elect the point in time when the period defined in the Declarations begins; but such point in time must not precede loss or damage to Covered Property.

2. FLOOD

The Company will pay for direct physical loss of or damage to Covered Property, Time Element loss and Special Coverages loss as provided by this Policy, if such loss or damage is caused by **Flood** regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, ensuing physical loss or damage by fire, explosion, theft, vandalism or sprinkler leakage will not be considered to be loss by **Flood** within the terms and conditions of this Policy.

3. NAMED STORM

The Company will pay for direct physical loss of or damage to Covered Property, Time Element loss and Special Coverages loss as provided by this Policy, if such loss or damage is caused by **Named Storm**; regardless

of any other cause or event contributing concurrently or in any other sequence of loss. However, ensuing physical loss or damage by fire, explosion, theft, vandalism, sprinkler leakage or **Flood** will not be considered loss by **Named Storm** within the terms and conditions of this Policy.

All **Named Storm** damage that occurs within the period defined in the Declarations will constitute a single **Occurrence**. The expiration of this Policy will not reduce that period. The Insured may elect the point in time when the period defined in the Declarations begins; but such point in time must not precede loss or damage to Covered Property.

SECTION VI –GENERAL POLICY CONDITIONS

A. AGGREGATION – INTERNATIONAL CONDITION

In the event that the applicable Limit of Liability or any Aggregate Limit stated herein is exceeded by payments made under "**the Policies**", the Insured agrees to reimburse the Company for any amount paid that exceeds such Limit of Liability or any Aggregate Limit.

Any amount due to under the terms of this clause shall be paid by the Insured within 28 days notice from the Company. The Company will give details of the payment and advise the Insured where and to whom payment is to be made.

B. CANCELLATION/NON-RENEWAL

1. Cancellation

- a). The **First Named Insured** shown in the Declarations may cancel this Policy by mailing or delivering to the Company advance written notice of cancellation.
- b). The Company may cancel this Policy by mailing or delivering to the **First Named Insured** written notice of cancellation at least:
 - 1). The number of days before the effective date of cancellation if the Company cancels for nonpayment of premium, as stated in the Declarations; or
 - 2). The number of days before the effective date of cancellation if the Company cancels for any other reason, as stated in the Declarations.
- c). The Company will mail or deliver notice to the **First Named Insured's** mailing address shown in the Declarations of this Policy or any Endorsement attached thereto.
- d). Notice of cancellation will state the effective date of cancellation. The Policy Period will end on that date.
- e). If this Policy is cancelled, the Company will send the **First Named Insured** any premium refund due. If the Company cancels, the refund will be pro rata. If the **First Named Insured** cancels, the refund may be less than pro rata but no less than the customary short rate amount. The cancellation will be effective even if the Company has not made or offered a refund.
- f). If notice is mailed, proof of mailing will be sufficient proof of notice.

If under the laws of the jurisdiction in which the property is located, such cancellation terms or conditions are different, then cancellation terms or conditions will be as permitted by such laws.

2. Non-renewal

- a). The Company may non-renew this Policy by mailing or delivering to the **First Named Insured** written notice, the number of days before the non-renewal, as permitted by law in the jurisdiction where in the property is located.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

1. This Policy;
2. The Covered Property;
3. The Insured's interest in Covered Property; or
4. A claim under this Policy.

D. CONTROL OF DAMAGED GOODS

In the event of direct physical loss of or damage caused by a **Covered Cause of Loss** to **Finished Stock**; this Policy gives control of the physically damaged property as follows, all subject to part 4) of this clause:

1. The Insured will have full rights to the possession and control of damaged property in the event of insured direct physical loss or damage to such property provided the Company agrees that the property is physically damaged.
2. The Insured using reasonable judgment will decide if the physically damaged property can be reprocessed or sold.
3. Property so judged by the Insured to be unfit for reprocessing or selling will not be sold or disposed of except by the Insured, or with the Insured's consent.
4. The salvage value of property that is claimed damaged shall be determined at the time of loss. The Insured will allow the Company to deduct from the amount of loss otherwise payable, the fair market value of such salvage, which could have been obtained on any sale or other disposition of goods or products through normal insurance industry salvage practices.

E. CURRENCY FOR LOSS PAYMENT

Losses will be adjusted and paid in the currency designated in Section II-Declaration B. Currency, unless directed otherwise by the Insured. In the event of a loss adjustment involving **Local Currency**, the exchange-selling rate will be calculated as follows:

1. As respects the calculation of deductibles and Limits of Liability, the rate of exchange published in the Midwest Ed. of The Wall Street Journal on the date of settlement.
2. As respects direct physical loss or damage to Real and Personal Property:
 - a). The cost to repair or replace Real and Personal Property will be converted at the time the cost of repair or replacement is incurred based on the rate of exchange published in the Midwest Ed. of The Wall Street Journal on the date of settlement.

- b). If such property is not replaced or repaired, the conversion will be based on the rate of exchange published in the Midwest Ed. of The Wall Street Journal on the date of loss.
3. As respects Time Element loss the conversion will be based on the average of the rate of exchange published in the Midwest Ed. of The Wall Street Journal on the date of loss and the rate of exchange published in the Midwest Ed. of The Wall Street Journal on the last day of the Period of Liability.

If the Midwest Ed. of The Wall Street Journal was not published on the stipulated date, the rate of exchange will be as published on the next business day.

F. INSPECTIONS AND SURVEYS

1. The Company has the right but not the obligation to make inspections and surveys at any time, to give the Insured reports on the conditions found, and to recommend changes.
2. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public, nor does it represent that conditions are safe, healthful, or comply with laws, regulations, codes or standards.

This condition applies not only to the Company, but also to any rating, advisory, rate service or similar organization that makes insurance inspections, surveys, reports or recommendations.

G. JURISDICTION

Any disputes arising hereunder will be exclusively subject to the jurisdiction of a court of competent jurisdiction within the USA.

H. LENDERS LOSS PAYEE AND MORTGAGE HOLDER INTERESTS AND OBLIGATIONS

1. The Company will pay for loss to specified property insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon such property, in order of precedence of the mortgages.
2. The interest of the Lender or Mortgagee (as the case may be) in property insured under this Policy will not be invalidated by:
 - a). Any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
 - b). Foreclosure, notice of sale, or similar proceedings with respect to the property.
 - c). Change in the title or ownership of the property.
 - d). Change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Company of any known change in ownership, occupancy, or hazard and, within ten (10) days of written request by the Company, may pay the increased premium associated with such known change. If the Lender or Mortgagee fails to pay the increased premium, all coverage under this Policy will cease.

3. If this Policy is cancelled at the request of the Insured or its agent, the coverage for the interest of the Lender or Mortgagee will terminate ten (10) days after the Company sends to the Lender or Mortgagee written notice of cancellation, unless:
 - a). Earlier terminated by authorization, consent, approval, acceptance, or ratification of the Insured's action

by the Lender, Mortgagee, or its agent.

- b). This Policy is replaced by the Insured, with a policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Policy with respect to such interest will terminate as of the effective date of the replacement policy, notwithstanding any other provision of this Policy.
4. The Company may cancel this Policy and/or the interest of the Lender or Mortgagee under this Policy, by giving the Lender or Mortgagee written notice sixty (60) days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment of premium. If the debtor, mortgagor, or owner has failed to pay any premium due under this Policy, the Company may cancel this Policy for such non-payment, but will give the Lender or Mortgagee written notice ten (10) days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this Policy will cease.
5. The Company has the right to invoke this Policy's Suspended Property clause. When the Company suspends the insurance, it will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspended insurance. The Company will provide the Lender or Mortgagee at the last known address a copy of such notice.
6. If the Company pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Company will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Company may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Company, and the remaining debt or mortgage will be paid to the Company.
7. If the Insured fails to render proof of loss, the Lender or Mortgagee, upon notice of the Insured's failure to do so, will render proof of loss within sixty (60) days of notice and will be subject to the provisions of this Policy.
8. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Policy by agreement in writing.

I. LIBERALIZATION

If during the period that insurance is in force under this Policy, any filed rules or regulations are revised by statute so as to broaden this insurance without additional premium charge, such extended or broadened insurance will inure to the benefit of the Insured within such jurisdiction, effective the date of the change specified in such statute.

J. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to the **First Named Insured** as shown on this Policy, or as directed by the **First Named Insured**. Additional insured interests will also be included in loss payment as their interests may appear when named as lender, mortgagee and/or loss payee in the Certificates of Insurance on file with the Company.

K. LOSS CONDITIONS

1. DUTIES IN THE EVENT OF LOSS OR DAMAGE

The Insured must see that the following are done in the event of direct physical loss or damage to Covered Property:

- a). Notify the police if a law may have been broken.
- b). Give the Company prompt notice of the loss or damage. Include a description of the property involved.

- c). As soon as possible, give the Company a description of how, when and where the loss or damage occurred.
- d). Take all reasonable steps to protect the Covered Property from further damage caused by a **Covered Cause of Loss**. If feasible, set the damaged property aside and in the best possible order for examination. Also, keep a record of expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the Limit of Liability.
- e). At the Company's request, provide a complete inventory of the damaged and undamaged property, including quantities, costs, values and amount of loss claimed.
- f). As often as reasonably required, permit the Company to inspect the property and records evidencing the loss or damage, including taking some or all of damaged and undamaged property for inspection, testing and analysis, and permit the Company to make copies of the Insured's books and records.
- g). Permit the Company to question the Insured, the Insured's employees and agents 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 loss or damage, including an Insured's books and records. In the event of this examination, an Insured's answers must be signed or attested to by a notary public or certified court reporter.
- h). Give the Company a signed sworn statement of loss containing the information necessary to investigate the claim. If requested by the Company, the Company will supply the necessary form and the Insured must return this completed form within sixty (60) days of the request or as required by law.
- i). Cooperate with the Company in the investigation or settlement of the claim.

2. DUTIES IN THE EVENT OF LOSS OR DAMAGE IN A PROHIBITED JURISDICTION

The duties and requirements imposed upon any Insured under this Policy shall not apply in a **Prohibited Jurisdiction**. However, with respect to any direct physical loss or damage in a **Prohibited Jurisdiction**, it shall be the duty of the **First Named Insured** to do or to cause the applicable subsidiary to do such things as would be required of such subsidiary if this Policy applied directly to such claim.

The **First Named Insured** shall pay the Company an amount equal to its share of any recoveries made by or on behalf of any subsidiary operating in a **Prohibited Jurisdiction**, as if such recoveries had been received by the **First Named Insured**.

3. ABANDONMENT

There may be no abandonment of any property to the Company.

4. SUBROGATION

The Insured is required to cooperate in any subrogation proceedings. To the extent of the Company's payment, the Insured's rights of recovery against any party are transferred to the Company.

The Company acquires no rights of recovery that the Insured has expressly waived prior to a loss, nor will such waiver affect the Insured's rights under this Policy.

Any recovery from subrogation proceedings, less costs incurred by the Company in such proceedings, will be payable to the Insured in the proportion that the amount of any applicable deductible and/or any provable uninsured loss, bears to the entire provable loss amount.

5. APPRAISAL

If the Insured and the Company fail to agree on the value of the property or the amount of loss, each will, on the written demand of either, select a competent, disinterested, and impartial appraiser, who has no direct or indirect financial interest in the claim. Each will notify the other of the appraiser selected within 20 days of such demand. The Insured may not invoke appraisal unless it has first fully complied with all provisions of this Policy, including Duties in the Event of Loss or Damage and has provided the Company with a signed and sworn statement of loss.

The appraisers will first select a competent, disinterested and impartial umpire. If the appraisers fail to agree upon an umpire within 15 days then, on the request of the Insured or the Company, a judge of a court of record in the jurisdiction in which the appraisal is pending will select the umpire. The appraisers will then appraise the value of the property or the amount of loss. They will state separately, the actual cash value and replacement cost value, as of the date of loss and the amount of loss, each item of physical loss or damage or, if for Time Element loss, the amount of loss for each Time Element Coverage of this Policy.

If the appraisers fail to agree, they will submit their differences to the umpire. An award stating separately the actual cash value and replacement cost value, as of the date of loss and the amount of loss, for each item of physical loss or damage or, if for Time Element loss, the amount of loss for each Time Element Coverage of this Policy agreed to in writing by any two will determine the amount of loss.

Once there is an award, the Company retains the right to apply all policy terms and conditions (including but not limited to deductibles, exclusions, and Limits of Liability) to the award. The Company further retains its right to deny the claim in whole or in part.

The Insured and the Company will each pay its chosen appraiser and bear equally the other expenses of the appraisal and umpire.

6. SUIT AGAINST THE COMPANY

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless the Insured has fully complied with all the provisions of this Policy. Legal action must be started within (12) twelve months after the date of direct physical loss or damage to Covered Property or to other property as set forth herein.

If under the laws of the jurisdiction in which the property is located, such twelve months' limitation is invalid, then any such legal action needs to be started within the shortest limit of time permitted by such laws.

L. NON-ADMITTED INSURANCE

If physical loss or damage occurs at a **Location** outside of the United States of America including its territories and possessions, the Company will pay according to the terms and conditions of this Policy for loss as a result of direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property at a **Location**, provided there is no local insurance applying to such **Location**.

M. NO REDUCTION BY LOSS

Loss or damage shall not reduce the amount of insurance recoverable, except where an **Annual Aggregate** applies. The reinstatement of any exhausted **Annual Aggregate** is not permitted unless authorized by the Company in writing.

N. OTHER INSURANCE

The Company will not be liable if, at the time of loss or damage, there is any other insurance that would attach in absence of this insurance; except that this insurance shall apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted.

This provision shall not apply if this Policy is written in coordination with other insurance that is intended to pay proportionally with this insurance as a part of a property insurance plan or program expressly written with other participants subject to the same terms, conditions and provisions as those in this Policy.

The Company gives the Insured permission to purchase insurance for all or any part of the deductibles in this Policy, and the existence of underlying insurance shall not prejudice the Insured's rights under this Policy. If the limits of underlying insurance exceed the deductible that would apply, then the insurance provided by this Policy shall apply only as excess after that portion which exceeds the deductible has been exhausted.

The Insured can purchase excess insurance commencing on or after the inception of this Policy that is specifically excess over the Limits of Liability set forth in this Policy without prejudice to this Policy and the existence of such insurance shall not reduce any liability under this Policy.

O. POLICY MODIFICATION

This Policy contains all of the agreements between the Insured and the Company concerning this insurance. The Insured and the Company may request changes to this Policy. Only endorsements issued by the Company and made a part of this Policy, can change this Policy.

P. SETTLEMENT OF CLAIMS

1. Loss Payment

- a). In the event of loss or damage to Covered Property, the Company will, at its option, 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 any agreed valuation; or
 - 4). Repair, rebuild or replace the property with other property of like kind and quality.
- b). The Company will give notice of its intentions within thirty (30) days after receiving the sworn statement of loss or as required by law.
- c). The Company will not pay more than the Insured's financial interest in the Covered Property.
- d). The Company will pay for covered loss or damage within thirty (30) days or as required by law, after receiving the sworn statement of loss, if the Insured has complied with all the terms of this Policy; and
 - 1). The Company has reached agreement on the amount of loss; or
 - 2). An appraisal award has been made.
- e). Notice to any agent or knowledge possessed by any agent or by any other person will not create a waiver or change any part of this Policy or prevent the Company from asserting any rights under the Policy.

Q. SUSPENDED PROPERTY

When Covered Property is found to be in, or exposed to, a dangerous condition, any of the Company's representatives may immediately suspend this insurance for that property. This can be done by delivering or mailing a written notice to the **First Named Insured's** mailing address or to the address where the Covered Property is located. Once suspended, this insurance can be reinstated only by an endorsement. Any unearned premium due will be returned by the Company.

R. TITLES

The titles of the various paragraphs and endorsements are solely for reference and shall not in any way affect the provisions to which they relate.

S. TRANSFER OF RIGHTS AND DUTIES

The Insured rights and duties under this Policy may not be transferred without the Company giving written consent.

T. VALUATION

In the event of any claim for direct physical loss of or damage to Covered Property:

1. The basis of adjustment is on a replacement cost basis unless a specific valuation applies. Replacement Cost shall be the cost to repair, rebuild or replace the damaged property (without deduction for depreciation) with materials of like kind, quality and capacity at the same or another site, but no more than the lesser of:
 - a). The cost to repair;
 - b). The cost to rebuild or replace on the same or another site with materials of equivalent size, kind, quality and capacity;
 - c). The necessary cost actually expended in repairing, rebuilding or replacing on the same or another site, but not exceeding the operating capacity that existed at the time of the loss; or
 - d). The Limits of Liability applicable to the lost or damaged property.

If there is direct physical loss of or damage to Covered Property which is not repaired, rebuilt or replaced within two (2) years from the date of direct physical loss or damage, the Company will not be liable for more than the actual cash value of the property destroyed.

2. The following property shall be valued as specified below:
 - a). For **Raw Materials**, supplies and other **Merchandise** not manufactured by the Insured, the replacement cost.
 - b). For **Stock in Process**, the value of **Raw Materials** and labor expended plus the proportion of overhead charges attributable to that **Stock in Process**.
 - c). For **Finished Stock** manufactured by the Insured, the regular cash selling price at the **Location** where the loss occurs, less all discounts, pilferage, waste, returns and charges to which the **Finished Stock** would have been subject had no loss occurred.
 - d). The Company, at its option, will pay the reduction in value of insured components or parts of products directly resulting from physical loss or damage caused by a **Covered Cause of Loss** to other insured parts or components of such property as follows:

In case of loss or damage to any part of a pair or set, the Company will:

- 1). Pay the cost of repairing or replacing any part to restore the pair or set to its value before the loss or damage;
- 2). Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- 3). Pay the difference between the value of the pair or set before and after the loss or damage.

If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such property to the Company.

- e). For **Media**, data and programming for electronic and electromechanical data processing and production equipment, the cost of reproducing **Media**, data and programming from duplicates or originals of the previous generation of the data.
- f). For **Fine Arts** articles, the lesser of the reasonable and necessary cost to repair or restore such property to the physical condition that existed on the date of loss or the cost to replace the article or the value if stated on a schedule on file. If the **Fine Arts** article cannot be replaced and an appraisal is not available, the valuation shall be market value based on prevailing conditions at the time of loss or damage.
- g). For property covered under Deferred Payments, the lesser of the total amount of unpaid installments less finance charges or the actual cash value of the property at the time of loss or the cost to repair or replace with material of like size, kind and quality.
- h). The selling price of buildings (or structures) or machinery and equipment, other than stock, offered for sale on the date of loss, but no more than the cost to repair or replace.
- i). The cost to replace non-repairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages, represents an improvement in function, or forms part of a program of system enhancement.
- j). The non-amortized value of **Improvements and Betterments** if such property is not repaired or replaced at the expense of the insured.
- k). For property that is useless to the Insured or obsolete, the actual cash value.
- l). For **Vehicles**, the actual cash value.

The Insured may elect not to repair or replace such damaged Covered Property, however, if loss settlement proceeds are expended on other capital expenditures related to the business activities of the Insured within two years from the date of loss, the lesser of the repair or replacement cost of such property will be paid. As a condition of collecting under this clause, such expenditure must be unplanned as of the date of loss and be made at a **Scheduled Location**. This clause does not extend to Demolition and Increased Cost of Construction.

SECTION VII - DEFINITIONS

The following term(s) wherever used in this Policy means:

1. **Annual Aggregate** - The maximum amount of loss or damage payable in any one (1) **Policy Year** regardless of the number of **Occurrences** within the same policy year.
2. **Anticipated Date of Completion** - The date on which the work is scheduled to be completed for the start of commercial operations or use and occupancy.
3. **Attraction Properties** - A property within the distance described in the declarations of an Insured Location that attracts customers to the Insured's business if the attraction of those customers is essential for the continuation of the Insured's business activities.
4. **Average Daily Value (ADV)** - The total 100% Gross Earnings or Gross Profit value (on the same basis that is used to determine the time element loss) for the Period of Liability divided by the number of working days in such period. The 100% Gross Earnings or Gross Profit value shall be the total amount of Gross Earnings or Gross Profit value exposed and is not the amount of the loss actually incurred.

5. **Carrier** - Contract or public truck men and motor transit companies or connecting carriers.
6. **Computer Virus** - Any **Software**, **Electronic Data** or code that affects the operation or functionality of any computer, communication system, file server, networking equipment, computer system, computer hardware, data processing equipment, computer memory, microchip, microprocessor (computer chip), integrated circuit or similar device in computer equipment, **Program**, Computer **Software** or operating systems, programming instructions, or data including, but not limited to any destructive **Program**, computer code, **Computer Virus**, worm, logic bomb, denial of service attack, smurf attack, vandalism, Trojan Horse or any other data introduced into any electronic system causing deletion, destruction, degradation, corruption, malfunction or compromise of **Electronic Data**, **Software** or electronic business systems.
7. **Contamination(Contaminated)** - Any condition of property due to the actual presence of any foreign substance, impurity, pollutant, hazardous material, poison, toxin, pathogen or pathogenic organism, bacteria, virus, disease causing or illness causing agent, **Fungus**, mold or mildew.
8. **Contaminant(s)** - Any solid, liquid, gaseous, thermal or other irritant, pollutant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste (including materials to be recycled, reconditioned or reclaimed) or other hazardous substances, **Fungus** or **Spores**.
9. **Covered Cause of Loss** - All risks of direct physical loss of or damage from any cause unless excluded.
10. **Daily Value (DV)** - A dollar amount that is equal to the daily value during the Period of Liability at the **Location(s)** where the loss occurred. The daily value is the amount that would have been earned each working day had there been no **Occurrence**.
11. **Delay in Completion** - The period of time between the **Anticipated Date of Completion** and the actual date on which commercial operations or use and occupancy can commence with the exercise of due diligence and dispatch.
12. **Described Cause(s) of Loss** - **Earth Movement, Flood, or Named Storm.**
13. **Direct Dependent Time Element Location** -
 - a). **Any Location:**
 - 1). of a direct: customer, supplier, contract manufacturer or contract service provider to the Insured;
 - 2). of any company under a royalty, licensing fee or commission agreement with the Insured.
 - b). **A Direct Dependent Time Element Location** does not include Locations that are Insured Locations under this Policy or the Locations of any company directly or indirectly supplying to, or receiving from, the Insured, electricity, fuel, gas, water, steam, refrigeration, sewage, voice, data or video.
14. **Earth Movement** - Any **Earth Movement** including earthquake, landslide, mine subsidence, earth sinking, rising, shifting, or sinkhole collapse.
15. **EEA** - The European Economic Area; within this area, free provision of services in all countries without any additional insurance license is allowed.
16. **Electronic Data** - **Electronic Data** of any kind that is recorded or transmitted in a form usable in electronic computer systems or networks, microchips, integrated circuits or similar devices in non-computer equipment, and which can be stored on **Media** for use by **Programs**.

17. **Fine Arts** - Includes, but is not limited to, bona fide works of art, works of rarity, works of historical values, works of artistic merit, photographs (positives and negatives), lithographs, illustrations, gallery proofs, original records, and similar property.
18. **Finished Stock** - Stock manufactured by the Insured which is ready for packing, shipment or sale. For the purposes of Gross Earnings and Gross Profit Coverage only:
- a). **Finished Stock** also includes whiskey and alcoholic products being aged.
 - b). **Finished Stock** does not include stock manufactured by the Insured that is held for sale on the premises of any retail outlet insured under this Policy.
19. **First Named Insured** - The First Insured listed under Named Insured.
20. **Flood** - A general and temporary condition of partial or complete inundation of normally dry land areas or structure(s) caused by:
- a). The unusual and rapid accumulation or runoff of surface waters, waves, tides, tidal waves, tsunami, the release of water, the rising, overflowing or breaking of boundaries of nature or man-made bodies of water; or the spray there from all whether driven by wind or not; or
 - b). Mudflow or mudslides caused by accumulation of water on or under the ground.
- Flood** also includes the backup of water from a sewer, drain or sump caused in whole or part by **Flood**.
21. **FoS (Freedom of Services) Policy** - A policy which only covers risks and **Locations** in the **EEA**.
22. **Fungus (or Fungi)** - Any form of fungus including, but not limited to, yeast, mold, mildew, rust, smut, mushroom, spores, mycotoxins, odors, or any other substances or gases, products or byproducts produced by, released by, or arising out of the current or past presence of **Fungi**.
23. **Improvements and Betterment** - Fixtures, alterations, installation or additions comprising part of a building occupied, but not owned by the Insured and acquired or made at the Insured's expense which the Insured cannot legally move.
24. **Indirect Dependent Time Element Location** -
- a). Any Location:
 - 1). of a company that is a direct: customer, supplier, contract manufacturer or contract service provider to a **Direct Dependent Time Element Location**;
 - 2). of a company that is an indirect: customer, supplier, contract manufacturer or contract service provider to a **Direct Dependent Time Element Location**.
 - b). An **Indirect Dependent Time Element Location** does not include Locations that are Insured Locations under this Policy or the Locations of any company directly or indirectly supplying to, or receiving from, the **Direct Dependent Time Element Location**, electricity, fuel, gas, water, steam, refrigeration, sewage, voice, data or video.
25. **International Insurance Program** - A program arrangement that is a compilation of different policies, which all have one common goal: to cover the Insured as agreed to in this Policy.
26. **In Transit** -
- a). Covered Property shipped by any means of conveyance shall be considered **In Transit** from the

time the goods are in or on the transporting **Vehicle** and the **Vehicle** leaves the originating **Location** and continuously until arrival at the destination **Location** and the goods are transferred to the exclusive custody and control of the consignee, warehouseman, or receiver.

- b). Covered Property shipped via the Insured's **Vehicles** or **Vehicles** of others operated by the Insured or for the Insured shall be considered **In Transit** from the time the goods are in or on the transporting **Vehicle** and the **Vehicle** leaves the originating **Location** and continuously until the **Vehicle** arrives at the destination **Location**. The goods shall not be considered **In Transit** during any deviation in route for reasons unrelated to transit.
27. **Land Improvements** - Lawns, plants, shrubs or trees; pavements, roadways, sidewalks or similar works, but not including any fill or land beneath such property.
28. **Leasehold Interest** - The excess rent paid for the same or similar replacement property over actual rent otherwise payable had there been no loss or damage, plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of the lease.
29. **Local Currency** - The currency of the country where the loss occurs.
30. **Location-**
- a). As specified in the Schedule of Locations;
 - b). If not so specified in the Schedule of Locations: a **Location** is a building(s) bounded on all sides by public streets, clear land space or open waterways, each not less than fifty feet wide;
 - c). A site or tract of land occupied or available for occupancy with tangible property; or
 - d). If the Insured is a tenant, those portions of the building not rented or intended to be rented by the Insured or others.
31. **Media** - Tangible personal property on which **Electronic Data** or **Programs** can be recorded, but not the **Data** or **Programs** themselves. **Money** or **Securities** are not **Media**.
32. **Merchandise** - Goods kept for sale by the Insured which are not **Raw Stock**, **Stock in Process** or **Finished Stock**.
33. **Miscellaneous Unnamed Location** - A **Location** owned, leased or rented by the Insured, but not specified in the Schedule of Locations.
34. **Money** - Currency, coins and bank notes whether or not in current use; and travelers checks, register checks and money orders held for sale to the public.
35. **Named Storm** - Any storm or weather disturbance that is named by the U. S. National Oceanic and Atmospheric Administration (NOAA) or the U. S. National Weather Service or the National Hurricane Center or any comparable worldwide equivalent.
36. **Net Lease Interest** - That sum which placed at six percent 6% interest compounded annually would equal the **Lease Interest** (less any amounts otherwise payable).
37. **Net Profit** - The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the Insured's business activities after deductions have been made for all standing charges and other charges including depreciation but before the deduction of any taxation chargeable on profits.
38. **NCP** - No Coverage Provided.

39. **Non-Admitted Insurance** - A policy issued in one country that covers exposures in other countries where the Company has not filed with the Insurance regulators of the country where the exposure is to provide insurance coverage.
40. **Occurrence** - All loss(es) or damage that is attributable directly or indirectly to one cause or a series of similar or related causes. All such loss(es) or damage will be treated as one **Occurrence**. However, if **Occurrence** is specifically defined anywhere in this Policy, that definition will apply to the applicable coverage provided.
41. **Operations** - The Insured's business activities at the Insured Location.
42. **Ordinary Payroll** - Payroll expenses for all employees except officers, executives, department managers, employees under contract and other important professional employees. Payroll expenses include the payroll, employee benefits (if directly related to payroll), FICA payments, Union dues and Workers' Compensation premiums the Insured pays for.
43. **Period of Interruption** - The period starting when the Insured's Electronic Data Processing Equipment or **Media** fails to operate and ending when with due diligence and dispatch, the Insured's Electronic Data Processing Equipment or **Media** could be restored to the same or equivalent operating condition that existed prior to the failure. The Period of Interruption does not include the additional time to make changes to the Insured's Electronic Data Processing Equipment or **Media**.
44. **Period of Service Interruption** - The period starting when an interruption of a specified service occurs and ending when with due diligence and dispatch, the service could be restored to the same or equivalent operating condition that existed prior to the failure.
45. **Policy Year** - The (12) twelve consecutive months after the date coverage begins on this Policy.
46. **Program(Software)** - Any computer software, applications, **Software** or recorded instructions, whether digital or otherwise, for the processing, sequencing, collecting, transmittal, recording, retrieval or storage of **Electronic Data**.
47. **Prohibited Jurisdiction** - Any country or political subdivision, outside the United States of America, its territories and possessions, in which by that country's or political subdivision's insurance laws and regulations, the Company is not allowed to insure risks.
48. **Public Adjusters** - Individuals or groups, including consultants, secured specifically for the purpose of representing the Insured's interest in the adjustment of a claim(s) under this Policy.
49. **Qualifying Period** - The continuous period of time expressed in hours or days which must be exceeded before coverage under this Policy begins.
50. **Rate of Gross Profit** - The rate of Gross Profit earned on the **Turnover** during twelve (12) months immediately before the date of the physical loss or damage.
51. **Raw Stock (or Raw Material)** - Materials in the state in which the Insured receives it for conversion into stock in process or **Finished stock**.
52. **Scheduled Location** - A **Location** scheduled on this Policy.
53. **Securities** - Negotiable and non-negotiable instruments or contracts representing either **Money** (but does not include **Money**) or other property and includes:
 - a). Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b). Evidences of debt issued in connection with credit or charge cards, which are not issued by the Insured.

54. **Soft Costs** - Expenses which are necessarily incurred during the Period of Liability, that would not have been incurred if the **Delay in Completion** had not occurred, at **Locations** undergoing renovation or in the course of construction, limited to the following:
- a). Construction loan fees -The additional cost incurred to rearrange loans necessary for the completion of construction, repairs or reconstruction, including; the cost to arrange refinancing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, charges by the lenders for the extension or renewal of loans necessary.
 - b). Commitment fees, leasing and marketing expenses - The cost of returning any commitment fees received from prospective tenant(s) or purchaser(s), the cost of re-leasing and marketing due to loss of tenant(s) or purchaser(s).
 - c). Additional fees – The additional fees for: architects, engineers, consultants, attorneys and accountants needed for the completion of construction, repairs or reconstruction.
 - d). Carrying costs – The additional: property taxes, building permits, additional interest on loans, realty taxes and insurance premiums.
55. **Spores** - Any reproductive body produced by or arising out of any **Fungus** (or **Fungi**).
56. **Standard Turnover** - The **Turnover** during the twelve (12) months immediately before the date of the physical loss or damage which corresponds with the Period of Liability.
57. **Stock in Process - Raw Stock** (or material) which has undergone any aging, seasoning, mechanical or other process of manufacture at the Insured Location, but which has not become **Finished Stock**.
58. **Sturmflut** - A flooding of dry land by storm driven waves on coastal areas, into bays or inland waters connected to the ocean or sea. The 'Federal German Office for Maritime Shipping and Hydrographic' will declare **Sturmflut**.
59. **Suspension (Suspended)** –
- a). The slowdown or cessation of the Insured's business activities: or
 - b). As respects rental income that a part or all of the Insured Location is rendered untenable.
60. **Terrorist Activity** - Any activity;
- a). Defined as **Terrorist Activity** under the laws of the place where it is committed, or
 - b). Which involves any of the following:
 - 1). The hijacking or sabotage of any conveyance (including an aircraft, vessel, or vehicle).
 - 2). The seizing or detaining of, or threatening to kill, injure or continue to detain any person in order to compel a third person (including a governmental organization) to do or abstain from doing any act as an explicit or implicit condition for the release of the individual seized or detained.
 - 3). A violent attack upon an internationally protected person (as defined in section 1116(b)(4) of title 18, United States Code) or upon the liberty of such a person.
 - 4). An assassination.

5). The use of any -

- i). Biological agent, chemical agent, or nuclear weapon or device or
- ii). Explosive or firearm (other than for mere personal monetary gain),

With intent to endanger, directly or indirectly, the safety of one or more individuals or to cause damage to property.

6). A threat, attempt, or conspiracy to do any of the foregoing.

7). Any act or acts deemed or declared by any government official, law enforcement agency, intelligence agency or other public authority to be terrorism or a terrorist act(s).

61. **"the Policies"** - This Policy, local policy(ies); and the **FoS(Freedom of Services) policy(ies)**, collectively under an **International Insurance Program**.
62. **Turnover** - The **Money** (less discounts allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the Insured's business activities.
63. **Valuable Papers and Records** - Inscribed or printed or written documents and manuscripts or records, including abstracts, books, deeds, drawings, films, maps, mortgages, prints and tracings, computer programs, card index systems, files, tapes, discs, drums, cells and other magnetic recordings or storage **Media** for electronic data processing; but **Valuable Papers and Records** does not mean **Money** or **Securities**.
64. **Vehicle** - A motor vehicle, motor truck, trailer or semi-trailer. Two (2) or more trailers being pulled or towed by a single power unit shall be considered a single **Vehicle**.
65. **Wages** - The remuneration (including where applicable, bonuses, overtime, living allowance (if any), national insurance contribution, holiday pay or other payments pertaining to wages) of all employees other than those whose remuneration is treated as salaries in the Insured's books of account.
66. **100-year flood plain** - Is an area defined by FEMA or any foreign equivalent as a **100-year flood plain**. In areas not defined by FEMA or any foreign equivalent, it is an area of land that has a 1-percent chance of being inundated by a **Flood** in any given year.
67. **500-year flood plain** - Is an area defined by FEMA or any foreign equivalent as a **500-year flood plain**. In areas not defined by FEMA or any foreign equivalent, it is an area of land that has a one fifth of 1-percent chance of being inundated by a **Flood** in any given year.

Breakdown of Equipment Endorsement



Insureds Name <insdnm>	Policy Number <polym> <polnbr>- <polmod>	Effective Date <effdt>	Endorsement Number <endtno>
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the Policy identified above.

1. SECTION II-DECLARATIONS is revised as follows:

a). C. POLICY LIMITS OF LIABILITY, Limits of Liability are revised to add the following:

\$0.00	AMMONIA CONTAMINATION
\$0.00	BREAKDOWN OF EQUIPMENT

b). F. DEDUCTIBLES, Policy Deductible(s), b). Exceptions to Policy Deductible(s) are revised to add the following:

5). **Breakdown** of Equipment deductible

- i). \$0.00 combined coverages
- i). \$0.00 Property Damage (PD) & \$0.00 Time Element (TE)
- i). \$0.00 Property Damage (PD) & X*ADV Time Element (TE)
- i). \$0.00 Property Damage (PD) & X* DV Time Element (TE)
- i). \$0.00 Property Damage (PD) & Days Time Element (TE)
- i). \$0.00 Property Damage (PD) & Hours Time Element (TE)

per **Occurrence** for loss or damage caused by **Breakdown**.

2. SECTION III-PROPERTY DAMAGE C. EXCLUSIONS 4). are revised to add the following:

h). **Breakdown** except as provided by the **Breakdown** of Equipment Coverage of this Policy.

3. SECTION V-SPECIAL COVERAGES & DESCRIBED CAUSES OF LOSS B. Description of Special Coverages are revised as follows:

7. DECONTAMINATION COSTS is deleted in its entirety:

And replaced with:

7. DECONTAMINATION COSTS

If Covered Property is **Contaminated** from direct physical loss of or damage caused by a **Covered Cause of Loss** to Covered Property and there is in force at the time of the loss any law or ordinance regulating **Contamination** due to the actual not suspected presence of **Contaminant(s)**, then this Policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such **Contaminated** Covered Property in a manner to satisfy such law or ordinance. This Coverage applies only to that part of Covered Property so **Contaminated** due to the actual not suspected presence of **Contaminant(s)** as a result of direct physical loss or damage. The Company is not liable for the costs required for removing **Contaminated** uninsured property nor the **Contaminant** therein or thereon, whether or not the **Contamination** results from a **Covered Cause of Loss**.

This Coverage does not apply if there is coverage available under the **AMMONIA CONTAMINATION** Coverage in this Policy.

The following are added:

AMMONIA CONTAMINATION

In the event of direct physical loss of or damage to Covered Property caused by a **Breakdown of Covered Equipment** at a **Scheduled Location**, the Company will pay for **Ammonia Contamination**.

BREAKDOWN OF EQUIPMENT

The Company will pay for direct physical loss of or damage to **Covered Equipment**, Time Element loss and Special Coverages loss as provided by this Policy, if such loss or damage is caused by a sudden and accidental **Breakdown of Covered Equipment** or a part thereof, which manifests itself by physical damage at the time of its **Occurrence** and necessitates repair or replacement; subject to the terms and conditions set forth in this Policy, regardless of any other cause or event contributing concurrently or in any other sequence of loss.

All **Breakdowns** at any one Insured Location that manifest themselves at the same time and are the result of the same cause will be considered one **breakdown**.

4. SECTION VII - DEFINITIONS are revised to add the following:

Ammonia Contamination-The loss or damage, including salvage expense, caused by ammonia contacting or permeating Covered Property under refrigeration or in process requiring refrigeration, as the result of any one accident.

Breakdown-A:

- a). Failure of pressure or vacuum equipment;
- b). Electrical failure including arcing; or
- c). Mechanical failure including rupture or bursting caused by centrifugal force.

The above includes explosion to a steam boiler, electric steam generator, steam piping, steam turbine, steam engine, gas turbine, or moving or rotating machinery when such explosion is caused by centrifugal force or mechanical failure; but not the explosion of gases or fuel within the furnace of any **Covered Equipment** or within the flues or passages through which the gases of combustion pass; nor combustion explosion outside the **Covered Equipment**.

Breakdown does not mean or include:

- a). Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
- b). Defects, erasures, errors, limitations or viruses in computer equipment and programs;

- c). Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d). Damage to any vacuum tube, gas tube or brush;
- e). Damage to any structure or foundation supporting any **Covered Equipment** or any of its parts;
- f). Functioning of any safety or protective device; or
- g). Cracking of any part on an internal combustion gas turbine exposed to the products of combustion.

Covered Equipment - Any boiler fired pressure vessel, unfired vessel normally subject to vacuum or internal pressure other than weight of its contents, refrigerating and air conditioning systems, any metal piping and its accessory equipment, and mechanical, or electrical machines or apparatus used for the generation, transmission, or utilization of mechanical or electrical power, not otherwise excluded as Covered Property.

Covered Equipment does not include any of the following:

- a). Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- b). Insulating or refractory material, but not excluding the glass lining of any **Covered Equipment**;
- c). Non-metallic pressure or vacuum equipment unless it is constructed and used in accordance with the American Society of Mechanical Engineers (ASME) code or another appropriate and approved code;
- d). Catalyst;
- e). Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;
- f). **Vehicle**, aircraft, self-propelled equipment of floating vessel including any Covered Property (equipment) that is mounted upon or used solely with any one or more **Vehicle(s)**, aircraft, self-propelled equipment or floating vessel;
- g). Drag-line, excavation or construction equipment including any Covered Property or **Covered Equipment** that is mounted upon or used solely with any one or more drag-lines, excavation, or construction equipment;
- h). Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
- i). Equipment or any part of such equipment manufactured by the Insured for sale.

All other terms and conditions of the policy remain unchanged.

SERFF Tracking Number: ZURC-125426951 State: Arkansas
First Filing Company: American Guarantee and Liability Insurance State Tracking Number: EFT \$50
Company, ...
Company Tracking Number: CW-CF-26901
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied
Lines)
Product Name: CW-CF-26901 - The Zurich Edge Program Forms Filing
Project Name/Number: CW-CF-26901/CW-CF-26901

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Approved 01/28/2008

Comments:

Attachment:

NAIC PC TD-1.pdf

Satisfied -Name: Cover Letter **Review Status:** Approved 01/28/2008

Comments:

Attachment:

Cover Letter - Form - SERFF.pdf

Satisfied -Name: Explanatory Memorandum **Review Status:** Approved 01/28/2008

Comments:

Attachment:

Explanatory Memorandum - EDGE.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: 60%; 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 #
Zurich North America	212

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
American Guarantee and Liability Insurance Company	NY	26247	36-6071400	
Zurich American Insurance Company	NY	16535	36-4233459	

5. Company Tracking Number	CW-CF-26901
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Deborah A. Freeman 1400 American Lane Schaumburg, IL 60196	Product Analyst	(847) 605-4238	(847) 605-7768	deborah.freeman@zurichna.com
7.	Signature of authorized filer				
8.	Please print name of authorized filer		Deborah A. Freeman		

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

9.	Type of Insurance (TOI)	1.0000
10.	Sub-Type of Insurance (Sub-TOI)	1.0001
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	The Zurich Edge
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: 04/01/2008 Renewal: 04/01/2008
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	01/11/08
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	CW-CF-26901
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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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We are submitting for your review and approval the following new forms for our Large Property Accounts.

These forms are intended to provide Zurich with the ability to offer our Insured's a very broad and flexible policy. We have built in coverage for Earth Movement, Flood and Named Wind. The policy does not exclude Boiler and Machinery losses (however we have attached an endorsement to limit or exclude Boiler and Machinery exposures, if necessary). There are also enhancements for Research Animals, Builders Risk exposures, and various Time Element coverages built in. We will be able to offer our Insured, what we believe will be a clear concise policy that is easy to understand and follow.

These forms are meant for the Large Property accounts where our insureds employ risk managers and/or professional insurance people to assist with the business of insurance.

The basis of the form was to build in many of the coverages that we currently offer our insureds by endorsement. This will allow Zurich to have a form that offers all coverages in one place rather than in multiple forms.

The form will not have any additional costs associated with it and will be rated on our current filed rate plans. These forms do not have any rate impact.

These are the forms for US only risks:

EDGE-D-100-A (04/08)	The Zurich Edge	Declarations
EDGE-100-A (04/08)	The Zurich Edge	Policy

These are the International forms:

EDGE-D-101-A (04/08)	The Zurich Edge-Global	Declarations
EDGE-101-A (04/08)	The Zurich Edge-Global	Policy

This is our Boiler Endorsement:

EDGE-301-A (04/08)	Breakdown of Equipment Endorsement
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We are requesting an effective date of April 1, 2008.

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]
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Check #: N/A - EFT Transmission
Amount: \$50.00

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

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

FORM FILING SCHEDULE

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

1.	This filing transmittal is part of Company Tracking #	CW-CF-26901
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2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	
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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	The Zurich Edge Declaration	EDGE-D-100-A (04/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	The Zurich Edge Policy	EDGE-100-A (04/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	The Zurich Edge Declaration – Global	EDGE-D-101-A (04/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	The Zurich Edge Policy – Global	EDGE-101-A (04/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Breakdown of Equipment Endorsement	EDGE-301-A (04/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
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Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	
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4a.	Rate Change by Company (As Proposed)
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

4b.	Rate Change by Company (As Accepted) For State Use Only
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5.	Overall Rate Information (Complete for Multiple Company Filings only)
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		COMPANY USE	STATE USE
5a	Overall percentage rate indication (when applicable)		
5b	Overall percentage rate impact for this filing		
5c	Effect of Rate Filing – Written premium change for this program		
5d	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	
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7.	Effective Date of last rate revision	
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	
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9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	



January 11, 2008

VIA SERFF FILING

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
Property and Casualty Division
1200 West Third Street
Little Rock, AR 72201-1904

**Reference: Commercial Property Forms Filing
The Zurich Edge Program
American Guarantee and Liability Insurance Company NAIC #212-26247
Zurich American Insurance Company NAIC #212-16535
Company Filing Number: CW-CF-26901**

Zurich North America

Dear Honorable Bowman:

1400 American Lane
Schaumburg, Illinois
60196-1056

In accordance with the filing requirements of your state, we hereby submit for your review and approval the following forms on behalf of the above referenced companies:

- | | |
|------------------------|--------------------------------------|
| • EDGE-D-100-A (04/08) | The Zurich Edge Declaration |
| • EDGE-100-A (04/08) | The Zurich Edge Policy |
| • EDGE-D-101-A (04/08) | The Zurich Edge Declaration - Global |
| • EDGE-101-A (04/08) | The Zurich Edge Policy - Global |
| • EDGE-301-A (04/08) | Breakdown of Equipment Endorsement |

Telephone: (847) 605-4238

Facsimile: (847) 605-7768

Internet :

www.deborah.freeman@zurichna.com

For your reference, the Explanatory Memorandum which has been included with this submission provides further clarification of the filing.

We request that this filing becomes effective on April 1, 2008.

This filing is being submitted electronically through SERFF. If you have any questions or concerns regarding this matter, please do not hesitate to contact me.

Sincerely,

Deborah A. Freeman
Product Analyst
Regulatory Services
(847) 605-4238
(847) 605-7768 (FAX)
www.deborah.freeman@zurichna.com

EXPLANATORY MEMORANDUM
The Zurich Edge Program

We are submitting for your review and approval the following new forms for our Large Property Accounts.

These forms are intended to provide Zurich with the ability to offer our Insured's a very broad and flexible policy. We have built in coverage for Earth Movement, Flood and Named Wind. The policy does not exclude Boiler and Machinery losses (however we have attached an endorsement to limit or exclude Boiler and Machinery exposures, if necessary). There are also enhancements for Research Animals, Builders Risk exposures, and various Time Element coverages built in. We will be able to offer our Insured, what we believe will be a clear concise policy that is easy to understand and follow.

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EDGE-D-100-A (04/08)	The Zurich Edge	Declarations
EDGE-100-A (04/08)	The Zurich Edge	Body of Form

These are the International forms:

EDGE-D-101-A (04/08)	The Zurich Edge-Global	Declarations
EDGE-101-A (04/08)	The Zurich Edge-Global	Body of Form

This is our Boiler Endorsement:

EDGE-301-A (04/08)	Breakdown of Equipment Endorsement
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We are requesting an effective date of April 1, 2008.