

SERFF Tracking Number: ACEH-125620639 State: Arkansas  
First Filing Company: ACE American Insurance Company, ... State Tracking Number: EFT \$50  
Company Tracking Number: 08-CP-2007651  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: 08-CP-2007651  
Project Name/Number: Advantage Conversion Property/08-CP-2007651

## Filing at a Glance

Companies: ACE American Insurance Company, ACE Fire Underwriters Insurance Company, ACE Indemnity Insurance Company, ACE Property & Casualty Insurance Company, Bankers Standard Insurance Company, Indemnity Insurance Company of North America, Insurance Company of North America, Pacific Employers Insurance Company

Product Name: 08-CP-2007651 SERFF Tr Num: ACEH-125620639 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: 08-CP-2007651 State Status: Fees verified and received  
Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding  
Authors: Connie McFarlane, Karen Schwabe, Renice Cox Disposition Date: 04/30/2008  
Date Submitted: 04/25/2008 Disposition Status: Approved  
Effective Date Requested (New): 03/01/2009 Effective Date (New): 03/01/2009  
Effective Date Requested (Renewal): 03/01/2009 Effective Date (Renewal): 03/01/2009

State Filing Description:

## General Information

Project Name: Advantage Conversion Property Status of Filing in Domicile: Pending  
Project Number: 08-CP-2007651 Domicile Status Comments:  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 04/30/2008  
State Status Changed: 04/30/2008 Deemer Date:  
Corresponding Filing Tracking Number:  
Filing Description:

The purpose of this filing is to adopt the Insurance Services Office, Inc.'s Division Five – Fire and Allied Lines forms that ISO has filed on our behalf in place of our existing Advantage Commercial Package Product forms. To assist you with your review we are providing a comparison of the Advantage Commercial Property Form with the ISO Building and

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Personal Property Form as well as the more detailed Policyholder Notice that will be provided to our existing policyholders.

## Company and Contact

### Filing Contact Information

Renice Cox, Regulatory Specialist renice.cox@ace-ina.com  
 436 Walnut Street, WB04G (215) 640-4876 [Phone]  
 Philadelphia, PA 19106 (215) 640-4986[FAX]

### Filing Company Information

ACE American Insurance Company	CoCode: 22667	State of Domicile: Pennsylvania
PO Box 1000	Group Code: 626	Company Type:
436 Walnut Street		
Philadelphia, PA 19106	Group Name:	State ID Number:
(215) 640-5123 ext. [Phone]	FEIN Number: 95-2371728	

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ACE Fire Underwriters Insurance Company	CoCode: 20702	State of Domicile: Pennsylvania
PO Box 1000	Group Code: 626	Company Type:
436 Walnut Street		
Philadelphia, PA 19106	Group Name:	State ID Number:
(215) 640-5123 ext. [Phone]	FEIN Number: 06-6032187	

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ACE Indemnity Insurance Company	CoCode: 10030	State of Domicile: Pennsylvania
PO Box 1000	Group Code: 626	Company Type:
436 Walnut Street		
Philadelphia, PA 19106	Group Name:	State ID Number:
(215) 640-5123 ext. [Phone]	FEIN Number: 92-0040526	

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ACE Property & Casualty Insurance Company	CoCode: 20699	State of Domicile: Pennsylvania
PO Box 1000	Group Code: 626	Company Type:
436 Walnut Street		
Philadelphia, PA 19106	Group Name:	State ID Number:
(215) 640-5123 ext. [Phone]	FEIN Number: 06-0237820	

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Bankers Standard Insurance Company      CoCode: 18279      State of Domicile: Pennsylvania  
 PO Box 1000      Group Code: 626      Company Type:  
 436 Walnut Street  
 Philadelphia, PA 19106      Group Name:      State ID Number:  
 (215) 640-5123 ext. [Phone]      FEIN Number: 59-1320184

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Indemnity Insurance Company of North America      CoCode: 43575      State of Domicile: Pennsylvania  
 PO Box 1000      Group Code: 626      Company Type:  
 436 Walnut Street  
 Philadelphia, PA 19106      Group Name:      State ID Number:  
 (215) 640-5123 ext. [Phone]      FEIN Number: 06-1016108

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Insurance Company of North America      CoCode: 22713      State of Domicile: Pennsylvania  
 PO Box 1000      Group Code: 626      Company Type:  
 436 Walnut Street  
 Philadelphia, PA 19106      Group Name:      State ID Number:  
 (215) 640-5123 ext. [Phone]      FEIN Number: 23-0723970

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Pacific Employers Insurance Company      CoCode: 22748      State of Domicile: Pennsylvania  
 PO Box 1000      Group Code: 626      Company Type:  
 436 Walnut Street  
 Philadelphia, PA 19106      Group Name:      State ID Number:  
 (215) 640-5123 ext. [Phone]      FEIN Number: 95-1077060

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## Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
ACE American Insurance Company	\$50.00	04/25/2008	19904148
ACE Fire Underwriters Insurance Company	\$0.00	04/25/2008	
ACE Indemnity Insurance Company	\$0.00	04/25/2008	
ACE Property & Casualty Insurance Company	\$0.00	04/25/2008	
Bankers Standard Insurance Company	\$0.00	04/25/2008	
Indemnity Insurance Company of North America	\$0.00	04/25/2008	
Insurance Company of North America	\$0.00	04/25/2008	
Pacific Employers Insurance Company	\$0.00	04/25/2008	

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	04/30/2008	04/30/2008

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## Disposition

Disposition Date: 04/30/2008  
Effective Date (New): 03/01/2009  
Effective Date (Renewal): 03/01/2009  
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	ISO COVERAGE COMPARISON	Approved	Yes
Supporting Document	POLICYHOLDER NOTICE	Approved	Yes
Supporting Document	FILE MEMO	Approved	Yes
Form	Special Extensions of Coverae (All other states)	Approved	Yes
Form	Recycling Special Extensions of Property Coverage	Approved	Yes
Form	Public Entity Special Extensions of Property Coverage	Approved	Yes
Form	Research And Development Expenditures Special Extensions of Property Coverage	Approved	Yes
Form	Contamination Coverage	Approved	Yes
Form	Long Term Care Property Extensions	Approved	Yes
Form	Life Science Special Conditions of Coverage	Approved	Yes
Form	Small Business Preferred Extensions of Property Coverage	Approved	Yes
Form	Business Income and Extra Expense Actual Loss Sustained	Approved	Yes
Form	Equipment Breakdown Coverage Endorsement	Approved	Yes
Form	Equipment Breakdown Coverage Endorsement Schedule	Approved	Yes

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Special Extensions of Coverae (All other states)	FA-23072	8/06	Endorsement/Amendment/Conditions	New	0.00	Special Extensions, FA-23072 (All other states).pdf
Approved	Recycling Special Extensions of Property Coverage	FA-23074	8/06	Endorsement/Amendment/Conditions	New	0.00	Recycling Special Extensions, FA-23074 (All other states).pdf
Approved	Public Entity Special Extensions of Property Coverage	FA-23076	8/06	Endorsement/Amendment/Conditions	New	0.00	Public Entity Special Extensions, FA-23076 (All states ex. AK, NY & LA).pdf
Approved	Research And Development Expenditures Special Extensions of Property Coverage	FA-23320	9/07	Endorsement/Amendment/Conditions	New	0.00	Research and Development Expenditures Special Extensions, FA-23320.pdf
Approved	Contamination Coverage	FA-23316	09/07	Endorsement/Amendment/Conditions	New	0.00	Contamination Endorsement, FA-23316.pdf

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Approved	Long Term Care Property Extensions	FA-23318	09/07	Endorsement/Amendment/Conditions	New	0.00	Long Term Care Property Extension, FA-23318.pdf
Approved	Life Science Special Conditions of Coverage	FA-23317	09/07	Endorsement/Amendment/Conditions	New	0.00	Life Sciences Property Extension, FA-23317.pdf
Approved	Small Business Preferred Extensions of Property Coverage	FA-23321	09/07	Endorsement/Amendment/Conditions	New	0.00	Small Business Preferred Extensions, FA-23321.pdf
Approved	Business Income and Extra Expense Actual Loss Sustained	FA-23314	09/07	Endorsement/Amendment/Conditions	New	0.00	Business Income & Extra Expense, FA-23314.pdf
Approved	Equipment Breakdown Coverage Endorsement	FA-7Y32	1/99	Endorsement/Amendment/Conditions	New	0.00	Equipment Breakdown Coverage Endorsement, FA-7Y32.pdf
Approved	Equipment Breakdown Coverage Endorsement Schedule	FA-8Y96	1/99	Endorsement/Amendment/Conditions	New	0.00	Equipment Breakdown Coverage Endorsement Schedule, FA-8Y96.pdf



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SPECIAL EXTENSIONS OF PROPERTY COVERAGE**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART - BUILDING AND PERSONAL PROPERTY COVERAGE FORM**

**COMMERCIAL PROPERTY COVERAGE PART – BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM**

**COMMERCIAL PROPERTY COVERAGE PART – EXTRA EXPENSE COVERAGE FORM**

**COMMERCIAL CRIME COVERAGE PART – COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)**

**COMMERCIAL INLAND MARINE COVERAGE PART – ACCOUNTS RECEIVABLE COVERAGE FORM**

The provisions of the Building And Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form, Extra Expense Coverage Form, Commercial Crime Coverage Form (Loss Sustained Form) and Accounts Receivable Coverage Form apply except as otherwise provided in this endorsement. This endorsement applies only if the Coverage Forms named above are included in this policy.

### **A. Changes to the Building and Personal Property Coverage Form**

#### **1. Coverage Extensions**

The following changes apply:

#### **Newly Acquired Or Constructed Property**

##### **(1) Buildings**

The last sentence is replaced with the following:

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

##### **(2) Your Business Personal Property**

The last sentence in sub-paragraph **(2) (a)** is replaced with the following:

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

##### **(3) Period Of Coverage**

The number of days in sub-paragraph **(b)** is amended to read 90 days in lieu of 30 days.

#### **b. Personal Effects and Property of Others**

The last paragraph is replaced with the following:

The most we will pay for loss or damage under this Extension is \$10,000 at each described premises. Our payment for loss of or damage to personal

property of others will only be for the account of the owner of the property.

#### **c. Valuable Papers And Records (Other Than Electronic Data)**

The first sentence in paragraph **(4)** is replaced with the following:

Under this Extension, the most we will pay to replace or restore the lost information is \$10,000 at each described premises, unless a higher limit is shown in the Declarations.

#### **e. Outdoor Property**

Extension e. Outdoor Property is replaced with the following:

You may extend the insurance provided by this Coverage Form to apply to the following outdoor property located on the described premises:

Outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

1. Fire;
2. Lightning;
3. Explosion;
4. Riot or civil commotion; or
5. Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

## 2. Additional Coverage Extensions

The following Extensions are added:

### g. Outdoor Signs

You may extend the insurance provided by this Coverage Form to apply to outdoor signs:

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

Outdoor Sign Coverage is subject to all applicable provisions of the Causes of Loss Form on the policy. In addition, for signs (other than signs attached to buildings), we will not pay for loss or damage caused by or resulting from any of the following:

1. Dampness or dryness of atmosphere;
2. Changes in or extremes of temperature;
3. Marring or scratching;
4. Rain, snow, ice or sleet.

The most we will pay for loss or damage in any one occurrence is \$5,000 at each described premises. The provisions of this extension supersede all other outdoor signs coverage references in the Building And Personal Property Coverage Form.

### h. Back-up of Sewers and Drains

You may extend the insurance provided by this Coverage Form to apply to loss or damage to Covered Property caused by or resulting from:

1. Water or water-borne material that backs up or overflows from a sewer, drain or sump; or
2. Water or water-borne material, under the ground surface pressing on, or flowing or seeping through:
  - a) Foundations, walls, floors or paved surfaces;
  - b) Basements, whether paved or not; or
  - c) Doors, windows or other openings.

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

### i. Computer Equipment Coverage

You may extend insurance that applies to Your Business Personal Property or Personal Property of Others to apply to electronic data processing office equipment, including component parts of such equipment. Coverage under this extension does not apply to electronic data.

The most we will pay for loss or damage to covered property is \$10,000 at each described premises.

The provisions in **Optional Coverages G. 3. Replacement Cost** and **4. Extension Of Replacement Cost To Personal Property Of Others** apply to property covered in this Extension.

## B. Extra Expense

Coverage is provided for Extra Expense as described in the Extra Expense Coverage Form or the Business Income (And Extra Expense) Coverage Form, whichever applies. The most we will pay in any one occurrence at each described premises is \$10,000, unless a higher Limit of Insurance is shown in the Declarations.

## C. Money and Securities

Coverage is provided under the following Insuring Agreements in the Commercial Crime Coverage Form (Loss Sustained Form):

**Insuring Agreement 3. Inside The Premises – Theft Of Money And Securities**  
Limit of Insurance \$ 5,000

**Insuring Agreement 5. Outside The Premises**  
Limit of Insurance \$5,000

The Limit of Insurance is the most we will for loss in any one "occurrence" at each described premises, unless a higher Limit of Insurance is shown in the Declarations. A special deductible of \$500 applies unless a higher deductible is shown in the Declarations.

## D. Accounts Receivable Coverage Form

The Accounts Receivable Coverage Form is added to the policy. The most we will pay for loss or damage in any one occurrence at each described premises is \$10,000, unless a higher Limit of Insurance is shown in the Declarations. **Paragraph 3.b.Coinsurance** in **D. Additional Conditions** does not apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **RECYCLING SPECIAL EXTENSIONS OF PROPERTY COVERAGE**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART – BUILDING AND PERSONAL PROPERTY COVERAGE FORM**  
**COMMERCIAL PROPERTY COVERAGE PART – BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM**  
**COMMERCIAL PROPERTY COVERAGE PART – BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM**  
**COMMERCIAL PROPERTY COVERAGE PART – EXTRA EXPENSE COVERAGE FORM**  
**COMMERCIAL PROPERTY COVERAGE PART – CAUSES OF LOSS – SPECIAL FORM**  
**COMMERCIAL CRIME COVERAGE PART – COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)**  
**COMMERCIAL INLAND MARINE COVERAGE PART – ACCOUNTS RECEIVABLE COVERAGE FORM**

The provisions of the Building And Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Extra Expense Coverage Form, Commercial Crime Coverage Form (Loss Sustained Form) and Accounts Receivable Coverage Form apply except as otherwise provided in this endorsement. This endorsement applies only if the Coverage Forms named above are included in this policy.

**A. Changes To The Building and Personal Property Coverage Form**

**1. Additional Coverages - Changes**

The following changes apply to Paragraph 4. in **Section A. Coverage**:

**a. Paragraph c. Fire Department Service Charge** is replaced with the following:

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000 for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage.

**b. The third paragraph in d. Pollutant Clean Up And Removal** is amended as follows:

The most we will pay under this Additional Coverage for each described premises is \$25,000 for the sum of all covered expenses arising out of Covered Causes

of Loss occurring during each separate 12 month period of this policy.

A \$1,000 deductible applies to this Additional Coverage.

**2. Additional Coverages**

The following **Additional Coverages** are added:

Except with respect to **Additional Coverage h. Ordinance or Law**, the limit applicable to each **Additional Coverage** is additional insurance and is the most we will pay for loss or damage to such property, unless a higher Limit of Insurance is shown in the Declarations.

**g. Fire Extinguisher Systems Expense**

We will pay the cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged to suppress a fire or other covered cause of loss but only if the discharge occurs on or within 100 feet of the described premises.

No coverage will apply under this Additional Coverage if the fire extinguishing system is discharged during installation, testing, repair or recharging.

The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

No deductible applies to this Additional Coverage.

#### **h. Ordinance or Law**

In the event of direct physical damage by a Covered Cause of Loss, other than Earth Movement or Water, to a building that is Covered Property, we will pay:

**a.** For the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

- (1)** Requires the demolition of undamaged parts of the same building not damaged by a Covered Cause of Loss;
- (2)** Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- (3)** Is in force at the time of loss.

Payment for the undamaged portion of the building will be on the same valuation basis applicable to the damaged portion of the building.

**b.** The cost to demolish and clear the site of undamaged parts of the building caused by enforcement of building, zoning or land use ordinance or law.

**c.** The increased cost to repair or reconstruct damaged portions of that building and/or reconstruct or remodel undamaged portions of that building, whether or not demolition is required, when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law.

However:

- (1)** This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2)** We will not pay for any increased cost of construction if the building is

not repaired, reconstructed or remodeled.

**d.** The following loss payment provisions apply:

**(1)** For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

**(2)** With respect to the Increased Cost of Construction:

**(a)** We will not pay for the increased cost of construction:

**(i)** Until the property is actually repaired or replaced, at the same or another premises; and

**(ii)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, but not to exceed 2 years. We may extend this period in writing during the 2 years.

**(iii)** If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

**(iv)** If the ordinance or law requires relocation to another premises the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

**e.** The Coinsurance Condition in **Section F. Additional Conditions** does not apply to Demolition or Increased Costs of Construction coverage.

**f.** We will not pay under this Extension for:

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

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

g. We will not pay for loss due to any ordinance or law that:

(1) You were required to comply with before the loss, even if the Building was undamaged; and

(2) You failed to comply with.

h. The coverage provided by this **Additional Coverage** will not increase the Limits of Insurance provided in this Coverage Form.

### 3. Premises Boundary

The references to distances in paragraphs 1.a.(5)(b), 1.b. , 1.c and 5. of Section A. Coverage are amended to read 1,000 feet in lieu of 100 feet.

### 4. Coverage Extensions

The following changes apply:

#### a. Newly Acquired Or Constructed Property

##### (1) Buildings

The last sentence is replaced with the following:

The most we will pay for loss or damage under this Extension is \$1,000,000 at each building.

##### (2) Your Business Personal Property

The last sentence in sub-paragraph (2) (a) is replaced with the following:

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

##### (3) Period Of Coverage

The number of days in sub-paragraph (b) is amended to read 180 days in lieu of 30 days.

#### b. Personal Effects and Property of Others

The last paragraph is replaced with the following:

Unless a higher limit is shown in the Declarations, the most we will pay for loss or damage under this Extension is \$25,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

#### c. Valuable Papers And Records (Other Than Electronic Data)

The first sentence in sub-paragraph (4) is replaced with the following:

Under this Extension, the most we will pay to replace or restore lost information is \$25,000 at each described premises, unless a higher limit is shown in the Declarations.

#### d. Property Off-Premises

Sub-paragraph (3) is replaced with the following:

(3) The most we will pay for loss or damage under this Extension is \$25,000.

#### e. Outdoor Property

Extension e. **Outdoor Property** is replaced with the following:

You may extend the insurance provided by this Coverage Form to apply to the following outdoor property located on the described premises:

1. Outdoor fences, radio and television antennas (including satellite dishes). The most we will pay for loss or damage under this Extension is \$1,000 in any one occurrence.

2. Trees, shrubs and plants (other than "stock" of trees, shrubs or plants). The most we will pay for loss or damage, including debris removal expense, under this Extension is \$25,000 in any one occurrence, but not more than \$250 for any one tree, shrub or plant.

The loss or damage must be caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

1. Fire;
2. Lightning;
3. Explosion;
4. Riot or civil commotion; or
5. Aircraft.

#### 4. Additional Coverage Extensions

The following Extensions are added:

##### g. Outdoor Signs

You may extend the insurance provided by this Coverage Form to apply to outdoor signs:

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

Outdoor Sign Coverage is subject to all applicable provisions of the Causes of Loss Form on the policy. In addition, for signs (other than signs attached to buildings), we will not pay for loss or damage caused by or resulting from any of the following:

1. Dampness or dryness of atmosphere;
2. Changes in or extremes of temperature;
3. Marring or scratching;
4. Rain, snow, ice or sleet.

The most we will pay for loss or damage in any one occurrence is \$25,000 at each described premises. The provisions of this extension supersede all other outdoor signs coverage references in the Building And Personal Property Coverage Form.

##### h. Fine Arts Coverage

You may extend the insurance that applies to Your Business Personal Property or Personal Property of Others to apply to Fine Arts.

1. Fine arts include antiques, paintings, etchings, drawings, tapestries, sculptures and fragile property such as porcelain, china and marble.
2. The most we will pay for loss in any one occurrence under this coverage extension is \$25,000 at each described premises.
3. Fine Arts Coverage is subject to all applicable provisions of the Causes of Loss Form on the policy.

In addition, we will not pay for loss or damage caused by or resulting from any repairing, restoration or retouching of the Covered Property

4. The following condition is added to **Loss Conditions 7. Valuation:**
  - f. The value of fine arts will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before the loss; or
3. The cost of replacing that property with substantially identical property.

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

##### i. Computer Equipment Coverage

You may extend insurance that applies to Your Business Personal Property or Personal Property of Others to apply to electronic data processing office equipment, including component parts of such equipment. Coverage under this extension does not apply to electronic data.

The most we will pay for loss or damage to covered property is \$25,000 at each described premises.

The provisions in **Optional Coverages G. 3. Replacement Cost** and **4. Extension Of Replacement Cost To Personal Property Of Others** apply to property covered in this extension.

##### j. Installation Coverage

We will pay for loss or damage to Covered Property by a Covered Cause of Loss while it is at a job site, or while temporarily being stored, for up to 90 days, while waiting to be installed. This coverage ends once the Covered Property is installed, or the buyer accepts the work as completed, whichever comes first.

The most we will pay under this Extension is \$10,000.

#### 5. Section E. Loss Conditions

The following changes apply to Paragraph 4. **Loss Payment** in Section E. **Loss Conditions:**

- a. Paragraph 4.a. is amended to include the following option:
  - (5) If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, you may:

- i. Stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- ii. Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

If you elect one of these options, we will pay the difference between the salvage value of the damaged merchandise with the brand or label attached, and the salvage value of the damaged merchandise with the brand or label removed.

b. The following Condition is added:

- 4.h. We will pay up to \$10,000 towards the cost of inventories that we request, or appraisals that are required under the Loss Conditions.

## B. Changes to Causes of Loss – Special Form

1. **Exclusion 1.b. Earth Movement** is replaced with the following:

We will pay up to \$25,000 for direct physical loss or damage to Covered Property caused directly or indirectly by earth movement.

This limited coverage does not apply to loss of Business Income or Extra Expense.

We will not pay for loss or damage until the loss or damage exceeds \$1,000, and then we will pay the amount of loss or damage up to \$25,000.

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

3. **Exclusion 1.e. Utility Services** is replaced with the following:

We will pay up to \$25,000 for loss or damage to Covered Property caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property, not on the described premises.

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

- (1) Pumping stations; and
- (2) Water mains.

b. **Communications Supply Services**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- (1) Communication transmission lines;
- (2) Coaxial cables; and
- (3) Microwave radio relays except satellites.

It does not include overhead transmission lines.

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

- (1) Utility generating plants;
- (2) Switching stations;
- (3) Substations; Transformers; and
- (4) Transmission lines.

It does not include overhead transmission lines.

4. **Exclusion 1.g. Water** is replaced with the following:

We will pay up to \$25,000 for direct physical loss or damage to Covered Property caused directly or indirectly by water.

This limited coverage does not apply to loss of Business Income or Extra Expense

We will not pay for loss or damage until the amount exceeds \$1,000, and then we will pay the amount of the loss or damage up to \$25,000.

All flooding in a continuous or protracted event will constitute a single flood.

5. **Changes or Extremes in Temperature or Humidity**

**Exclusions 2.d.(7)(a) and 2.d.(7) (b)** are replaced with the following:

We will pay up to \$25,000 for direct physical loss or damage to Business Personal Property caused by changes in or extremes of temperature or humidity.

6. As respects coverage provided in **Additional Extension J. Installation Coverage**, subparagraph d. of Paragraph 1. of **Section C. Limitations** is replaced with the following:

- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
- (2) Building materials and supplies unless intended to be installed at a job site by you. Such property is covered while at:
  - a. your premises;
  - b. a job site; or
  - c. a temporary storage location.

Coverage applies for up to 90 days while waiting installation.

- (3) Business Income coverage or Extra Expense coverage.

- 7. Sub-paragraphs a. through d. of Paragraph 3. of **Section C. Limitations** are replaced with the following:

- a. \$10,000 for furs, fur garments, and garments trimmed with fur.
- b. \$10,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

- 8. Sub-paragraph b. of Paragraph 1. **Property In Transit** of **Section F. Additional Coverage Extensions** is deleted.

### C. Extra Expense

Coverage is provided for Extra Expense as described in the **Extra Expense Coverage Form** or the **Business Income (And Extra Expense) Coverage Form**, whichever applies. The most we will pay in any one occurrence at each described premises is \$10,000, unless a higher Limit of Insurance is shown in the Declarations.

### D. Money and Securities Coverage

Coverage is provided under the following Insuring Agreements in the Commercial Crime Coverage Form (Loss Sustained Form):

#### **Insuring Agreement 3. Inside The Premises – Theft Of Money And Securities**

**Limit of Insurance** \$ 10,000

#### **Insuring Agreement 5. Outside The Premises**

**Limit of Insurance** \$5,000

The Limit of Insurance is the most we will for loss in any one “occurrence” at each described premises, unless a higher Limit of Insurance is shown in the Declarations.

### E. Accounts Receivable Coverage Form

The Accounts Receivable Coverage Form is Coverage is added to the policy. The most we will pay for loss or damage in any one occurrence at each described premises is \$25,000, unless a higher Limit of Insurance is shown in the Declarations.

Paragraph **3.b.Coinsurance** in **D. Additional Conditions** does not apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PUBLIC ENTITY**

### **SPECIAL EXTENSIONS OF PROPERTY COVERAGE**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART - BUILDING AND PERSONAL PROPERTY COVERAGE FORM**  
**COMMERCIAL PROPERTY COVERAGE PART – BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM**  
**COMMERCIAL PROPERTY COVERAGE PART – EXTRA EXPENSE COVERAGE FORM**  
**COMMERCIAL CRIME COVERAGE PART – COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)**  
**COMMERCIAL INLAND MARINE COVERAGE PART – ACCOUNTS RECEIVABLE COVERAGE FORM**

The provisions of the Building And Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form, Extra Expense Coverage Form, Commercial Crime Coverage Form (Loss Sustained Form), Accounts Receivable Coverage Form and Commercial General Liability Coverage Form apply except as otherwise provided in this endorsement. This endorsement applies only if the Coverage Forms named above are included in this policy.

#### **A. Changes To The Building and Personal Property Coverage Form**

##### **1. Additional Coverages**

The following **Additional Coverages** are added. The limit applicable to each **Additional Coverage** is additional insurance and is the most we will pay for loss or damage to such property, unless a higher Limit of Insurance is shown in the Declarations.

##### **g. Commandeered Property**

- (1)** We will pay for loss of or damage to "commandeered property" if such loss or damage is caused by or results from a Covered Cause of Loss.
- (2)** We will only cover "commandeered property" during the time you officially use such property to handle an "emergency situation", including while in transit, plus the reasonable time necessary to return the property.
- (3)** The most we will pay for loss under this Additional Coverage is \$25,000, unless a higher limit for "Commandeered Property" is shown in the Declarations.
- (4)** A \$1,000 deductible applies to this Additional Coverage.

##### **h. Impounded Property**

- (1)** We will pay for loss or damage to "impounded property" if such loss or damage is caused by or results from a Covered Cause of Loss but not before an official inventory of such property is taken and signed by the owner of the property.
- (2)** We will only cover "impounded property" during the time you are in possession of such property, including while in transit, in your official capacity of enforcing the laws of the local, state or Federal government.
- (3)** The most we will pay for loss under this Additional Coverage is \$10,000, unless a higher limit for "Impounded Property" is shown in the Declarations.
- (4)** A \$500 deductible applies to this Additional Coverage.

##### **i. Rewards Reimbursement**

We will reimburse you for rewards paid as follows:

1. Up to \$5,000 to any person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss to Covered Property from a Covered Cause of Loss. However, we will pay no more than 10% of the lesser of the following amounts:
  - a) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or
  - b) The amount determined by the loss settlement procedure applicable to the Covered Property under the Loss Payment Conditions.
2. Up to \$5,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by theft. However, we will pay no more than 10% of the lesser of the following amounts:
  - a) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or
  - b) The amount determined by the loss settlement procedure applicable to the Covered Property under the Loss Payment Condition.

This Additional Coverage applies subject to the following conditions:

1. The eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property, and who is not:
  - (a) You or any family member;
  - (b) Your employee or any of his or her family members;
  - (c) An employee of a law enforcement agency;
  - (d) An employee of a business engaged in property protection;
  - (e) Any person who had custody of the Covered Property at the time the theft was committed; or

- (f) Any person involved in the crime.
2. No reward will be reimbursed unless and until the person (s) committing the crime is (are) convicted or the Covered Property is returned.
3. The lesser of the amount of the reward or \$5,000 is the most we will reimburse for any loss under this Additional Coverage in one occurrence.

## 2. Coverage Extensions

The following changes apply:

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

The last sentence is replaced with the following:

The most we will pay for loss or damage under this Extension is \$1,000,000 at each building.

#### (2) Your Business Personal Property

The last sentence in subparagraph (2) (a) is replaced with the following;

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

#### (3) Period of Coverage

The number of days in subparagraph (b) is amended to read 180 days in lieu of 30 days with respect to Buildings.

### b. Personal Effects And Property Of Others

The last paragraph is replaced with the following:

The most we will pay for loss or damage under this Extension is \$10,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

### c. Valuable Papers And Records (Other Than Electronic Data)

The first sentence in paragraph (4) is replaced with the following:

Under this Extension, the most we will pay to replace or restore the lost information is \$15,000 at each described premises, unless a higher limit is shown in the Declarations.

**d. Outdoor Property**

Extension e. Outdoor Property is replaced with the following:

You may extend the insurance provided by this Coverage Form to apply to the following outdoor property located on the described premises:

Outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

1. Fire;
2. Lightning;
3. Explosion;
4. Riot or civil commotion; or
5. Aircraft.

The most we will pay for loss or damage

under this Extension is \$1,000, but not

more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

**3. Additional Coverage Extensions**

The following Extensions are added:

**g. Outdoor Signs**

You may extend the insurance provided by this Coverage Form to apply to outdoor signs:

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

Outdoor Sign Coverage is subject to all applicable provisions of the Causes of Loss Form on the policy. In addition, for signs (other than signs attached to buildings), we will not pay for loss or damage caused by or resulting from any of the following:

1. Dampness or dryness of atmosphere;
2. Changes in or extremes of temperature;
3. Marring or scratching;
4. Rain, snow, ice or sleet.

The most we will pay for loss or damage in any one occurrence is \$15,000 at each described premises. The provisions of this extension supersede all other outdoor signs coverage references in the Building And Personal Property Coverage Form.

**h. Back up of Sewers and Drains**

You may extend the insurance provided by this Coverage Form to apply to loss or damage to Covered Property caused by or resulting from:

- (1) Water or water-borne material that backs up or overflows from a sewer, drain or sump; or
- (2) Water or water-borne material, under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

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

**i. Computer Equipment**

You may extend insurance that applies to Your Business Personal Property or Personal Property of Others to apply to electronic data processing office equipment, including component parts of such equipment. Coverage under this extension does not apply to electronic data.

The most we will pay for loss or damage to covered property is \$10,000 at each described premises.

The provisions in **Optional Coverages G. 3. Replacement Cost** and **4. Extension Of Replacement Cost To Personal Property Of Others** apply to property covered in this extension.

**C. Section E. Loss Conditions**

1. The following changes apply to Paragraph 7. **Valuation** in Section E. **Loss Conditions**:

f. "Commandeered property" and "impounded property" at actual cash value as of the time of loss or damage.

2. **Vacancy Provision 6.b** does not apply to "Commandeered property" or "impounded property."

3. The following Condition is added to **Section 4. Loss Payment:**

h. We will pay up to \$5,000 in any one occurrence for reasonable expenses you incur in preparing loss data required by policy conditions after a covered property loss. This includes the cost of taking inventory, getting appraisals, and preparing other data in order to determine the extent of your covered loss.

#### D. Extra Expense

Coverage is provided for Extra Expense as described in the **Extra Expense Coverage Form** or the **Business Income (And Extra Expense) Coverage Form**, whichever applies. The most we will pay in any one occurrence at each described premises is \$10,000, unless a higher Limit of Insurance is shown in the Declarations

#### E. Money and Securities

**Coverage** is provided under the following Insuring Agreements in the **Commercial Crime Coverage Form (Loss Sustained Form):**

**Insuring Agreement 3. Inside The Premises – Theft Of Money And Securities**

**Limit of Insurance** \$ 5,000

**Insuring Agreement 5. Outside The Premises**  
**Limit of Insurance** \$5,000

**The Limit** of Insurance is the most we will for loss in any one "occurrence" at each described premises, unless a higher Limit of Insurance is shown in the Declarations. A special deductible of \$500 applies unless a higher deductible is shown in the Declarations.

#### F. Accounts Receivable Coverage Form

The Accounts Receivable Coverage Form is added to the policy. The most we will pay for loss or damage in any one occurrence at each described premises is \$15,000, unless a higher Limit of Insurance is shown in the Declarations.

**Paragraph 3.b.Coinsurance** in **D. Additional Conditions** does not apply.

#### G. Definitions

1. "Automobile" means:

a. a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment; or

b. any other land vehicle that is subject to compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged, but does not include "mobile equipment".

2. "Commandeered Property" means building and personal property belonging to someone else including watercraft, aircraft and animals that you commandeer, seize, borrow or take over for official use to handle an "emergency situation" or to enforce the laws of the local, state or Federal government but such property does not include:

a. Personal effects owned by your, your officers, your partners or members, your managers, your employees or volunteers;

b. "Automobiles" or their parts, accessories and equipment; or

c. "Money" and "securities".

3. "Emergency Situation" means an unexpected situation demanding immediate, official action, but does not include response to situations which are your normal or routine activities.

4. "Impounded Property" means buildings and personal property belonging to someone else including watercraft, aircraft and animals that you take and hold in legal custody in your official capacity of enforcing the laws of the local, state or Federal government, but such property does not include:

a. Personal effects owned by your, your officers, your partners or members, your managers, your employees or volunteers;

b. "Automobiles" or their parts, accessories and equipment; or

c. "Money" and "securities".

5. "Mobile Equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
2. Vehicles maintained for use solely on or next to premises you own or rent;
3. Vehicles that travel on crawler treads;
4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - a. Power cranes, shovels, loaders, diggers or drills; or
  - b. Road construction or resurfacing equipment such as graders, scrapers or rollers.
5. Vehicles not described in Paragraphs 1., 2., 3., or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - b. Cherry pickers and similar devices used to raise or lower workers.
6. Vehicles not described in Paragraphs 1., 2., 3. or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "automobiles."
  - a. Equipment designed primarily for:
    - (1) Snow removal;
    - (2) Road maintenance, but not construction or resurfacing;  
or
    - (3) Street cleaning;
  - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
  - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well servicing equipment.

**RESEARCH AND DEVELOPMENT EXPENDITURES  
SPECIAL EXTENSIONS OF PROPERTY COVERAGE**

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period to	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**This endorsement modifies insurance provided under the following:**

**BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
EXTRA EXPENSE COVERAGE FORM**

The provisions of the Business Income (And Extra Expense) Coverage Form, Extra Expense Form and Causes of Loss Special Form apply except as otherwise provided in this endorsement. This endorsement applies only if the Coverage Forms named above are included in this policy.

It is agreed that:

1. The following additional coverage is added to Section A. 5, Additional Coverages, of Business Income (And Extra Expense) and Extra Expense Coverage Forms:

- Research & Development Expenditures.

If you have a limit for Business Income shown in the Declarations, we will indemnify you for your "research expenditure" and for your "increase in costs to continue your research and development". This coverage will apply if your operations are interrupted as a result of a covered loss to Covered Property insured under the Building and Personal Property Coverage Form.

2. The following definitions are added:

"Research expenditure" is the total cost for you to operate your research and development operations including normal operating expenses and payroll. We will not indemnify you for any expenses which do not continue while your operations are interrupted or which are already covered under the direct damage portion of your contract.

"Increase in costs to continue your research and development" are any reasonable additional costs incurred by you which are necessary in order to reduce the interruption to your operations and enable you to continue your research as quickly as possible under conditions which were similar to those which existed before the covered loss. These costs might include, but not be limited to, renting temporary lab space or leasing new equipment.

3. What We Will Pay for Research Expenditures

Your weekly recovery will be no more than one fiftieth of the Business Income Limit shown on the Declarations plus the "increase in costs to continue your research and development". Your recovery period will begin on the date of the covered loss and continue until your premises have been repaired, but not longer than 12 months. If your policy expires before we have paid you all amounts to which you are entitled for a "covered loss" that occurred during the policy period, we will continue to make payments after the expiration date.

All other terms and conditions of this policy remain unchanged.

\_\_\_\_\_  
Authorized Agent

## CONTAMINATION ENDORSEMENT

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period to	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

### THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**This endorsement modifies insurance provided under the following:**

#### CAUSES OF LOSS SPECIAL FORM

The provisions of the above form apply except as otherwise provided in this endorsement. This endorsement applies only if the Coverage Form named above is included in this policy.

It is agreed that Causes of Loss – Special Form is amended as follows:

1. The most we will pay for loss or damage under the coverage extension provided by this endorsement is \$\_\_\_\_\_.
2. Section B. Exclusions, subsection 1.d., Nuclear Hazard, is deleted in its entirety and replaced by the following:

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination however caused, except radioactive contamination resulting from an accidental release or escape, during the policy period and at the insured location, of radioactive material intended for use in your normal operations, provided that the loss is reported to us within 180 days of the direct physical loss or damage or within 180 days of the end of the policy period, whichever comes first.

If nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

3. Section B, Exclusions 2, I., is amended by adding the following:

- This exclusion I. shall not apply to:

1. Radioactive contamination resulting from an accidental release or escape, during the policy period and at the insured location, of radioactive material intended for use in your normal operations; or
2. Contamination resulting from an accidental release or escape, during the policy period and at the insured location, of "biological agents";

provided that the loss under 1) or 2) above is reported to us within 180 days of the physical loss or within 180 days of the end of the policy period, whichever comes first.

For the purposes of this exclusion, "biological agents" means those agents or materials comprised of living organisms.

All other terms and conditions of this policy remain unchanged.

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Authorized Agent

## LONG TERM CARE PROPERTY EXTENSION

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period to	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

### THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**This endorsement modifies insurance provided under the following:**

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM  
EXTRA EXPENSE COVERAGE FORM  
CAUSES OF LOSS – SPECIAL FORM  
COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)  
ACCOUNTS RECEIVABLE COVERAGE FORM**

The provisions of the Building And Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form, Extra Expense Form, Causes of Loss Special Form, Commercial Crime Coverage Form (Loss Sustained Form) and the Accounts Receivable Coverage Form apply except as otherwise provided in this endorsement. This endorsement applies only if the Coverage Forms named above are included in this policy.

It is agreed that:

1. Section 5. Coverage Extensions of the Business And Personal Property Coverage Form is deleted entirely and replaced by the following:

#### **5. Coverage Extensions**

Except as otherwise provided, the following extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises.

If a coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows;

#### **A. Newly-Acquired or Constructed Property**

##### **(1) Buildings**

If this policy covers Building, such coverage is extended to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this extension is \$1,000,000 at each building.

##### **(2) Your Business Personal Property**

- (a) If this policy covers Your Business Personal Property, such coverage is extended to apply to:
  - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
  - (ii) Business personal property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
  - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this extension is \$500,000 at each building.

- (b) This extension does not apply to:
  - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
  - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) **Business Income and Extra Expense**

In addition, if you have a limit for Business Income shown in the Declarations, your coverage is extended to apply to newly-acquired or constructed property. The most we will pay for Business Income and Extra Expense at a newly-acquired location is \$250,000 and the deductible shown in the Declarations applicable to Business Income and Extra Expense will apply.

You agree to notify us as soon as possible after you acquire or construct such property.

(4) **Period of Coverage for the Newly Acquired or Constructed Property Coverage Extension**

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report the values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

**B. Property Off Premises**

- (1) The insurance provided by this coverage form is extended to apply to your Covered Property while it is away from the described premises, if it is:
  - (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.
- (2) This extension does not apply to property:
  - (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$25,000.

**C. Valuable Papers And Records (Other Than Electronic Data)**

- (1) The insurance that applies to your Business Personal Property is extended to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Section A, Coverage, 2, Property Not Covered-Electronic Data.
- (2) If the Causes Of Loss-Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in Section G, Definitions, 2 of that form, and Collapse as set forth in that form.

- (3) Under this Extension, the most we will pay to replace or restore the lost information is \$25,000 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The cost of blank material and labor are subject to the applicable Limit of Insurance

#### **D. Personal Effects And Property Of Others**

The insurance that applies to Your Business Personal Property is extended to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this extension is \$5,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

#### **E. Ordinance or Law**

In the event of direct physical damage by a Covered Cause of Loss to a building that is Covered Property, we will pay:

- a. For the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:
  - (1) Requires the demolition of undamaged parts of the same building not damaged by a Covered Cause of Loss;
  - (2) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
  - (3) Is in force at the time of the loss.

Payment for the undamaged portion of the building will be on the same valuation basis applicable to the damaged portion of the building.

- b. The cost to demolish and clear the site of undamaged parts of the building caused by enforcement of building, zoning or land use ordinance or law.
- c. The increased cost to repair or reconstruct damaged portions of that building and/or reconstruct or remodel undamaged portions of that Building, whether or not demolition is required when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
  - (2) We will not pay for any increased cost of construction if the building is not repaired, reconstructed or remodeled.
- d. The following loss payment provisions apply:
    - (1) For Demolition Cost, we will pay the amount you actually spend to demolish and clear the site of the described premises up to \$100,000 whichever is less.
    - (2) With respect to the Increased Cost of Construction:
      - (a) We will not pay for the increased cost of construction:
        - (i) Until the property is actually repaired or replaced, at the same or another premises; and
        - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, but not to exceed 2 years. We may extend this period in writing during the 2 years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.
- (d) The most we will pay for Increased Cost of Construction is \$100,000.
- (e) The Coinsurance Condition in Section F. Additional Conditions, of the Building and Personal Property Coverage Form does not apply to Demolition or Increased Costs of Construction coverage.
- (f) We will not pay under this Extension for:
  - (1) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
  - (2) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants," "fungus", wet or dry rot or bacteria.
- (g) We will not pay for loss due to any ordinance or law that:
  - (1) You were required to comply with before the loss, even if the building was undamaged; and
  - (2) You failed to comply with.
- (h) The coverage provided by this Additional Coverage will not increase the Limits of Insurance provided in this Coverage Form.

#### **F. Outdoor Signs**

The insurance provided by this Coverage Form is extended to apply to outdoor signs:

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

Outdoor Sign Coverage is subject to all applicable provisions of the Causes of Loss Form on the policy. In addition, for signs (other than signs attached to buildings), we will not pay for loss or damage caused by or resulting from any of the following:

- 1. Dampness or dryness of atmosphere;
- 2. Changes in or extremes of temperature;
- 3. Marring or scratching;
- 4. Rain, snow ice or sleet.

The most we will pay for loss or damage in any one occurrence is \$5,000 at each described premises. The provisions of this extension supersede all other outdoor signs coverage references in the Building or Personal Property Coverage Form.

#### **G. Back-up of Sewers and Drains**

The insurance provided by this Coverage Form is extended to apply to loss or damage to Covered Property caused by or resulting from:

- 1. Water or water-borne material that backs up or overflows from a sewer, drain or pump; or
- 2. Water or water-borne material, under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;

- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings.

The most we will pay for loss or damage under this Extension in any one occurrence is \$25,000.

#### **H. Fine Arts Coverage**

The insurance that applies to Your Business Personal Property or Personal Property of Others is extended to apply to Fine Arts.

1. Fine arts include antiques, paintings, etchings, drawings, tapestries, sculptures and fragile property such as porcelain, china and marble.
2. The most we will pay for loss in any one occurrence under this coverage extension is \$25,000 at each described premises.
3. Fine Arts Coverage is subject to all applicable provisions of the Causes of Loss Form on the policy. In addition, we will not pay for loss or damage caused by or resulting from any repairing, restoration or retouching of the Covered Property.
4. The following condition is added to **Loss Conditions 7. Valuation**:
  - f. The value of fine arts will be the least of the following amounts:
    1. The actual cash value of that property;
    2. The cost of reasonably restoring that property to its condition immediately before the loss; or
    3. The cost of replacing that property with substantially identical property.

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

#### **I. Fire Extinguisher Systems Expense**

We will pay the cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged to suppress a fire or other Covered Cause of Loss but only if the discharge occurs on or within 100 feet of the described premises.

No coverage will apply under this coverage extension if the fire extinguishing system is discharged during installation, testing, repair or recharging.

The most we will pay under this coverage extension is \$1,000 in any one occurrence. No deductible applies to this coverage extension.

#### **J. Emergency Vacating Expense**

We will pay up to \$25,000 for the reasonable "evacuation expenses" that you incur during the policy period as a direct result of an "emergency evacuation" that occurs after the date this emergency vacating expense coverage was first provided by us.

Coverage will apply even if the external event or condition on your "premises" is not the result of a Covered Cause of Loss.

But we won't cover your expenses if the vacating is a result of:

1. a planned evacuation drill;
2. the evacuation of residents because of their medical condition; or
3. the transfer or discharge of patients.

None of the exclusions set forth in the Causes of Loss (Special Form) apply to this coverage except the "war," "nuclear activity," and "government activity" exclusions.

This coverage is in addition to your other property coverages and will not reduce the amount we will pay for any other covered loss.

No deductible applies to this extension.

"Evacuation Expenses" mean the reasonable expenses you actually incur as a direct result of an "emergency evacuation" of residents from your long term care facilities such as the transportation costs incurred for transporting such residents and the costs to lodge such residents at the new location. Evacuation expenses shall not include any salaries, benefit expenses, renumeration, or overhead of the Named Insured.

"Emergency Evacuation" means the vacating of fifteen or more of your residents from one or more of your long term care facilities to another location due to an external event or condition on such premises that puts your residents in imminent danger of harm or loss of life.

*For example:*

*If local authorities order the emergency evacuation of your nursing home because of a hurricane warning, we will pay for the reasonable expenses that you incur in evacuating your nursing home.*

#### **K. Loss Data Preparation**

We will pay up to \$2,000 for costs you incur in preparing loss data we require after a covered property loss. This includes the cost of taking inventory, making appraisals and preparing other data to determine the extent of your covered loss.

No deductible applies to this extension.

#### **L. Reward Coverage**

We will pay 10% of the loss or damage up to \$25,000 as a reward to any person or persons, other than you, your officers or partners, for information resulting in the arrest of any one or more person who are then convicted of committing arson or burglary which resulted in a Covered Cause of Loss under this policy. For the purposes of this extension, "premises" means the interior of your building. We will be the sole judge as to the person or persons to whom a reward is paid and as to the size of the reward. The coverage limit includes any advertising expense you incur in posting the reward.

#### **M. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 for your liability for fire department service charges:

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

No Deductible applies to this Coverage Extension.

#### **N. Residents' Property**

**1. Personal Effects** - We will pay for loss or damage to "personal effects" belonging to residents of your facility, such as clothing, luggage, and radios, but not including "money" and "securities" up to:

- a. \$ 5,000 for "personal effects" of any one resident while the items are at a "covered location" and for up to 180 days at a newly-acquired location.
- b. \$25,000 for "personal effects" belonging to all residents in any one "occurrence" while the items are at a "covered location" and for up to 180 days at a newly-acquired location.
- c. \$25,000 for "personal effects" of residents in any one "occurrence" if the loss or damage occurs in transit or temporarily off your "premises." The loss or damage must occur while the residents are under your supervision or the supervision of your "employees" or you are responsible for transporting the property.

However, if the owner has other insurance that also covers their "personal effects," we will only pay for the amount of the "covered loss" that exceeds the amount recovered from the other insurance policy up to the limits shown above.

No deductible applies to this Residents' Property - "Personal Effects" coverage.

2. **"Money" and "Securities"** - We will pay for loss of "money" and "securities" belonging to residents of your facility from a covered cause of loss up to a limit of \$3,000 in any one "occurrence."

Losses that result from a series of related acts committed by one or more persons or organizations are a single "occurrence."

We will cover the loss of "money" or "securities" that are either:

1. Inside the insured "premises" or inside a building occupied by a banking institution or similar safe depository;
2. In the possession of an armored vehicle company;
3. In the possession of you, your partners, officers, directors, or administrators of your business, or of "employees" who are legally holding them. This is so regardless of where any of these people may be within the "coverage territory" at the time of the loss.

But, if the "money" or "securities" are in the possession of a resident, the loss must occur inside the insured "premises" and the coverage limits are:

\$300 per resident with a maximum of \$3,000 in any one "occurrence".

We will not cover loss to "money" and "securities" under any of the following circumstances:

- 1) "War";
- 2) "Nuclear Activity";
- 3) Illegal Acts of "Employees." We won't cover losses, except by "robbery" or "burglary" from a safe, resulting from fraudulent, dishonest, or criminal acts that are committed by a director, officer, trustee, or "employee" (whether he or she is working or not).
- 4) Sales or Purchases. We won't cover any loss of "money" or "securities" that arises from a sale, exchange, or purchase transaction.
- 5) Accounting Errors. We won't cover losses due to accounting, mathematical, or record-keeping errors.
- 6) "Money" in Vending Machines. We won't cover the loss of "money" from vending machines or other coin-operated devices unless the machine or device automatically records the total amount of "money" deposited in it.
- 7) Books and Records. We won't cover loss or damage from crime to records, books of account, or manuscripts.
- 8) The amount we will pay for any loss of "securities" is the "actual cash value" of the "securities" at the of the last business day before the loss was discovered. And we will not pay for any loss of income, including interest or dividends, that occurs as a result of a loss we do cover.

A special deductible of \$250 applies to Residents' Property - "Money and Securities."

Coverage under this extension does not apply to "personal effects" or "money and securities" belonging to tenants of residential units other than residents of your facility.

4. Definitions – Solely with respect to the coverage provided under this Residents' Property provision:

- A. **“Personal effects”** means property other than “money” and “securities” that belongs to an individual and is devoted primarily to that individual’s personal use; for example, clothing, luggage, household furnishings or writing materials.
- B. **“Money”** means currency, coins, bank notes, bullion and travelers checks, registered checks and “money” orders held for sale.
- C. **“Securities”** means negotiable and nonnegotiable instruments or “contracts” that represent property or obligations to pay “money”. Stamps, including revenue stamps, are “securities”; so are tokens and tickets. However stamps are only covered for their face value. “Money” is not considered to be “securities”.
- D. **“Contracts”** means an agreement you enter into with someone else relating to the operations of your business.
- E. **“Occurrence”** means an accident, including continuous or repeated exposure to the same event, that results, during the policy period, in loss or damage to your property.
- F. **“Covered Location”** means a location whose address is given in the Declarations.
- G. **“Premises”** means a plot of ground, a building or a portion of a building that you use to conduct your business activities. Your “premises” means the “premises” described by the addresses listed in the Declarations.
- H. **“Nuclear activity”** means loss from nuclear reaction, nuclear radiation or radioactive contamination, whether deliberate or accidental, controlled or uncontrolled; and whether or not the loss is direct or indirect, proximate or remote, or is contributed to or aggravated by a covered cause of loss. But it does not include explosion, fire or smoke.
- I. **“War”** means any of the following:
  - 1. Hostile or belligerent action, including action in hindering, combating or defending against an actual, impending or expected attack by:
    - a. any government or sovereign power (de jure or de facto);
    - b. any military, naval, air or nuclear forces; or
    - c. any agent of such government, power, authority or forces.
  - 2. Insurrection, invasion, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against such an event.

**O. Accounts Receivable**

If such coverage is not already a part of the policy, the Accounts Receivable Coverage Form is added to the policy. The most we will pay for loss or damage in any one occurrence at each described premises is \$25,000, unless a higher Limit of Insurance is shown in the Declarations. Section D, Additional Conditions, Paragraph 3.b.Coinsurance does not apply.

All other terms, conditions and exclusions of this policy remain unchanged.



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Authorized Agent

## LIFE SCIENCES PROPERTY EXTENSION

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period to	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

### THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**This endorsement modifies insurance provided under the following:**

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM  
EXTRA EXPENSE COVERAGE FORM  
CAUSES OF LOSS SPECIAL FORM  
COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)  
ACCOUNTS RECEIVABLE COVERAGE FORM**

The provisions of the Building And Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form, Extra Expense Form, Causes of Loss Special Form, Commercial Crime Coverage Form (Loss Sustained Form) and the Accounts Receivable Coverage Form apply except as otherwise provided in this endorsement. This endorsement applies only if the Coverage Forms named above are included in this policy.

It is agreed that:

1. Section 5. Coverage Extensions of the Business and Personal Property Coverage form is deleted entirely and replaced by the following:

#### **5. Coverage Extension**

Except as otherwise provided, the following extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises.

If a coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

#### **A. Newly-Acquired or Constructed Property**

##### **(1) Buildings**

If this policy covers Buildings, such coverage is extended to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this extension is \$1,000,000 at each building.

##### **(2) Your Business Personal Property**

- (a) If this policy covers Your Business Personal Property, such coverage is extended to apply to:
  - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
  - (ii) Business personal property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
  - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this extension is \$500,000 at each building.

(b) This extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Business Income and extra Expense

In addition, if you have a limit for Business Income shown in the Declarations, your coverage is extended to apply to newly-acquired or constructed property. The most we will pay for Business Income and Extra Expense at a newly-acquired location is \$250,000 and the deductible shown in the Declarations applicable to Business Income and Extra Expense will apply.

You agree to notify us as soon as possible after you acquire or construct such property

(4) Period of Coverage for all Newly Acquired or Constructed Property Coverage Extensions:

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report the values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

## **B. Property Off Premises**

(1) The insurance provided by this coverage form is extended to apply to your Covered Property while it is away from the described premises, if it is:

- (a) Temporarily at a location you do not own, lease or operate;
- (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
- (c) At any fair, trade show or exhibition.

(2) This extension does not apply to property:

- (a) In or on a vehicle; or
- (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

(3) The most we will pay for loss or damage under this Extension is \$25,000.

## **C. Valuable Papers And Records (Other Than Electronic Data)**

(1) The insurance that applies to your Business Personal Property is extended to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Section A, Coverage, 2, Property Not Covered, n, Electronic Data.

(2) If the Causes Of Loss-Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in Section G, Definitions, 2 of that form, and Collapse as set forth in that form.

- (3) Under this Extension, the most we will pay to replace or restore the lost information is \$25,000 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The cost of blank material and labor are subject to the applicable Limit of Insurance on your Business Personal Property and therefore coverage of such costs is not additional insurance.

#### **D. Personal Effects and Property of Others**

The insurance that applies to Your Business Personal Property is extended to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this extension is \$5,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

#### **E. Ordinance or Law**

In the event of direct physical damage by a Covered Cause of Loss to a building that is Covered Property, we will pay:

- a. For the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:
  - (1) Requires the demolition of undamaged parts of the same building not damaged by a Covered Cause of Loss;
  - (2) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
  - (3) Is in force at the time of the loss.

Payment for the undamaged portion of the building will be on the same valuation basis applicable to the damaged portion of the building.

- b. The cost to demolish and clear the site of undamaged parts of the building caused by enforcement of building, zoning or land use ordinance or law.
- c. The increased cost to repair or reconstruct damaged portions of that building and/or reconstruct or remodel undamaged portions of that Building, whether or not demolition is required when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law.

However:

- (1) similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
  - (2) We will not pay for any increased cost of construction if the building is not repaired, reconstructed or remodeled.
- d. The following loss payment provisions apply:
    - (1) For Demolition Cost, we will pay the amount you actually spend to demolish and clear the site of the described premises up to \$100,000 whichever is less.
    - (2) With respect to the Increased Cost of Construction:
      - (a) We will not pay for the increased cost of construction:
        - (i) Until the property is actually repaired or replaced, at the same or another premises; and
        - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, but not to exceed 2 years. We may extend this period in writing during the 2 years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to other premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises
- (d) The most we will pay for Increased Cost of Construction is \$100,000.

The Coinsurance Condition in Section F., Additional Conditions, of the Business and Personal Property Coverage Form does not apply to Demolition or Increased Costs of Construction coverage.

(3) We will not pay under this Extension for

- (a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
  - (i) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants," "fungus", wet or dry rot or bacteria.

(4) We will not pay for loss due to any ordinance or law that:

- (i) You were required to comply with before the loss, even if the building was undamaged; and
- (ii) You failed to comply with.

(5) The coverage provided by this Additional Coverage will not increase the Limits of Insurance provided in this Coverage Form.

#### **F. Outdoor Signs**

The insurance provided by this Coverage Form is extended to apply to outdoor signs:

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

Outdoor Sign Coverage is subject to all applicable provisions of the Causes of Loss Form on the policy. In addition, for signs (other than signs attached to buildings), we will not pay for loss or damage caused by or resulting from any of the following:

1. Dampness or dryness of atmosphere;
2. Changes in or extremes of temperature;
3. Marring or scratching;
4. Rain, snow ice or sleet.

The most we will pay for loss or damage in any one occurrence is \$5,000 at each described premises. The provisions of this extension supersede all other outdoor signs coverage references in the Building or Personal Property Coverage Form.

#### **G. Back-up of Sewers and Drains**

The insurance provided by this Coverage Form is extended to apply to loss or damage to Covered Property caused by or resulting from:

1. Water or water-borne material that backs up or overflows from a sewer, drain or pump; or
2. Water or water-borne material, under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

The most we will pay for loss or damage under this Extension in any one occurrence is \$25,000.

#### **H. Fine Arts Coverage**

The insurance that applies to Your Business Personal Property or Personal Property of Others is extended to apply to Fine Arts.

1. Fine arts include antiques, paintings, etchings, drawings, tapestries, sculptures and fragile property such as porcelain, china and marble.
2. The most we will pay for loss in any one occurrence under this coverage extension is \$25,000 at each described premises.
3. Fine Arts Coverage is subject to all applicable provisions of the Causes of Loss Form on the policy. In addition, we will not pay for loss or damage caused by or resulting from any repairing, restoration or retouching of the Covered Property
4. The following condition is added to Section E. Loss Conditions, subsection, 7. Valuation of the Business and Personal Property Coverage Form:
  - The value of fine arts will be the lesser of the following amounts:
    1. The actual cash value of that property;
    2. The cost of reasonably restoring that property to its condition immediately before the loss;  
or
    3. The cost of replacing that property with substantially identical property.

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

#### **J. Fire Extinguisher Systems Expense**

We will pay the cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged to suppress a fire or other Covered Cause of Loss but only if the discharge occurs on or within 100 feet of the described premises.

No coverage will apply under this coverage extension if the fire extinguishing system is discharged during installation, testing, repair or recharging.

The most we will pay under this coverage extension is \$1,000. in any one occurrence. No deductible applies to this coverage extension.

#### **K. Research & Development Expenditures**

If you have a limit for Business Income shown in the Declarations, we will indemnify you for your "research expenditure" and for your "increase in costs to continue your research and development". This coverage will apply if your operations are interrupted as a result of a covered loss to Covered Property insured under the Building and Personal Property Coverage Form.

"Research expenditure" is the total cost for you to operate your research and development operations including normal operating expenses and payroll. We will not indemnify you for any expenses which do not continue while your operations are interrupted or which are already covered under the direct damage portion of your contract.

"Increase in costs to continue your research and development" are any reasonable additional costs incurred by you which are necessary in order to reduce the interruption to your operations and enable you to continue your research as quickly as possible under conditions which were similar to those which existed before the covered loss. These costs might include, but not be limited to, renting temporary lab space or leasing new equipment.

What We Will Pay for Research Expenditures

Your weekly recovery will be no more than one fiftieth of the Business Income Limit shown on the Declarations plus the "increase in costs to continue your research and development". Your recovery period will begin on the date of the covered loss and continue until your premises have been repaired, but not longer than 12 months. If your policy expires before we have paid you all amounts to which you are entitled for a "covered loss" that occurred during the policy period, we will continue to make payments after the expiration date.

**L. Loss Data Preparation**

We will pay up to \$2,000 for costs you incur in preparing loss data we require after a covered property loss. This includes the cost of taking inventory, making appraisals and preparing other data to determine the extent of your covered loss.

No deductible applies to this extension.

**M. Reward Coverage**

We will pay 10% of the loss or damage up to \$25,000 as a reward to any person or persons, other than you, your officers or partners, for information resulting in the arrest of any one or more person who are then convicted of committing arson or burglary which resulted in a Covered Cause of Loss under this policy. For the purposes of this extension, "premises" means the interior of your building. We will be the sole judge as to the person or persons to whom a reward is paid and as to the size of the reward.

**N. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage

2. The Commercial Crime Policy (Loss Sustained Form) is amended as follows:

**A. Money and Securities**

The Limits of Insurance for the coverage provided under the following Insuring Agreements in the Commercial Crime Coverage Form (Loss Sustained Form) is as follows:

<u>Insuring Agreement</u>	<u>Limit of Insurance</u>
3. Inside The Premises – Theft Of Money And Securities	\$ 10,000
5. Outside The Premises	\$ 10,000

The Limit of Insurance is the most we will pay for all loss resulting directly from any one "occurrence" at each described premises, unless a higher Limit of Insurance is shown in the Declarations. A special deductible of \$500 applies unless a higher deductible is shown in the Declarations. Unless any provision therein conflicts with anything stated within this coverage extension, the provisions of Section B, Limits of Insurance of the Commercial Crime Coverage Form apply.

3. **Accounts Receivable**

If such coverage is not already a part of the policy, the Accounts Receivable Coverage Form is added to the policy. The most we will pay for loss or damage in any one occurrence at each described premises is \$25,000, unless a higher Limit of Insurance is shown in the Declarations. Section D, Additional Conditions, Paragraph 3.b.Coinsurance does not apply.

4. Section B, Exclusions, of the Causes of Loss-Special Form is amended by deleting Exclusion 1, d, Nuclear Hazard in its entirety and replacing it with the following:

- d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination however caused, except radioactive contamination resulting from an accidental release or escape, during the policy period and at the insured location, of radioactive material intended for use in your normal operations, provided that the loss is reported to us within 180 days of the direct physical loss or damage or within 180 days of the end of the policy period, whichever comes first.

If nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

2. Section B, Exclusions, exclusion 2., I. of the Causes of Loss – Special Form, is amended by adding the following:

This exclusion I. shall not apply to:

1. Radioactive contamination resulting from an accidental release or escape, during the policy period and at the insured location, of radioactive material intended for use in your normal operations; or
2. Contamination resulting from an accidental release or escape, during the policy period and at the insured location, of “biological agents”;

provided that the loss under 1) or 2) above is reported to us within 180 days of the physical loss or within 180 days of the end of the policy period, whichever comes first.

For the purposes of this exclusion, “biological agents” means those agents or materials comprised of living organisms.

The most we will pay under this coverage extension is \$100,000.

All other terms and conditions of this policy remain unchanged.

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Authorized Agent

## SMALL BUSINESS PREFERRED EXTENSIONS OF PROPERTY COVERAGE

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period to	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

### **THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**This endorsement modifies insurance provided under the following:**

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM  
EXTRA EXPENSE COVERAGE FORM  
CAUSES OF LOSS – SPECIAL FORM  
COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)  
ACCOUNTS RECEIVABLE COVERAGE FORM**

The provisions of the Building And Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form, Extra Expense Form, Causes of Loss Special Form, Commercial Crime Coverage Form (Loss Sustained Form) and the Accounts Receivable Coverage Form apply except as otherwise provided in this endorsement. This endorsement applies only if the Coverage Forms named above are included in this policy.

It is agreed that:

1. Section 5, Coverage Extensions, of the Business and Personal Property Coverage Form is deleted entirely and replaced by the following:

#### **5. Coverage Extensions**

Except as otherwise provided, the following extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises.

If a coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

#### **A. Newly-Acquired or Constructed Property**

##### (1) Buildings

If this policy covers Buildings, such coverage is extended to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this extension is \$1,000,000 at each building.

##### (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, such coverage is extended to apply to:
  - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
  - (ii) Business personal property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

(iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this extension is \$500,000 at each building.

(b) This extension does not apply to:

(i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Business Income and Extra Expense

In addition, if you have a limit for Business Income shown in the Declarations, your coverage is extended to apply to newly-acquired or constructed property. The most we will pay for Business Income and Extra Expense at a newly-acquired location is \$250,000 and the deductible shown in the Declarations applicable to Business Income and Extra Expense will apply.

You agree to notify us as soon as possible after you acquire or construct such property.

(4) Period of Coverage for all Newly Acquired or Constructed Property Coverage Extensions:

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report the values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

## **B. Property Off Premises**

(1) The insurance provided by this coverage form is extended to apply to your Covered Property while it is away from the described premises, if it is:

(a) Temporarily at a location you do not own, lease or operate;

(b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

(c) At any fair, trade show or exhibition.

(2) This extension does not apply to property:

(a) In or on a vehicle; or

(b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

(3) The most we will pay for loss or damage under this Extension is \$10,000.

## **C. Valuable Papers And Records (Other Than Electronic Data)**

(1) The insurance that applies to your Business Personal Property is extended to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Section A, Coverage, 2, Property Not Covered, n, Electronic Data.

(2) If the Causes Of Loss-Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in Section G, Definitions, 2 of that form, and Collapse as set forth in that form.

- (3) Under this Extension, the most we will pay to replace or restore the lost information is \$25,000 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The cost of blank material and labor are subject to the applicable Limit of Insurance on your Business Personal Property and therefore coverage of such costs is not additional insurance.

#### **D. Personal Effects And Property Of Others**

The insurance that applies to Your Business Personal Property is extended to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this extension is \$5,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

#### **E. Ordinance or Law**

In the event of direct physical damage by a Covered Cause of Loss to a building that is Covered Property, we will pay:

- a. For the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:
  - (1) Requires the demolition of undamaged parts of the same building not damaged by a Covered Cause of Loss;
  - (2) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
  - (3) Is in force at the time of the loss.

Payment for the undamaged portion of the building will be on the same valuation basis applicable to the damaged portion of the building.

- b. The cost to demolish and clear the site of undamaged parts of the building caused by enforcement of building, zoning or land use ordinance or law.
- c. The increased cost to repair or reconstruct damaged portions of that building and/or reconstruct or remodel undamaged portions of that Building, whether or not demolition is required when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
  - (2) We will not pay for any increased cost of construction if the building is not repaired, reconstructed or remodeled.
- d. The following loss payment provisions apply:
    - (1) For Demolition Cost, the most we will pay under this extension at each covered location is 25% of the Building coverage limit stated in the Declarations but not to exceed \$100,000, provided however, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
    - (2) With respect to the Increased Cost of Construction:
      - (a) We will not pay for the increased cost of construction:
        - (i) Until the property is actually repaired or replaced, at the same or another premises; and

- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, but not to exceed 2 years. We may extend this period in writing during the 2 years.
  - (iii) The most we will pay for Increased Cost of Construction at each covered location is 25% of the Building limit stated in the Declarations but not to exceed \$100,000.
- e. The Coinsurance Condition in Section F. Additional Conditions, of the Building and Personal Property Coverage Form does not apply to Demolition or Increased Costs of Construction coverage.
- f. We will not pay under this Extension for:
  - (1) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
  - (2) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants," "fungus", wet or dry rot or bacteria.
- g. We will not pay for loss due to any ordinance or law that:
  - (1) You were required to comply with before the loss, even if the building was undamaged; and
  - (2) You failed to comply with.
- h. The coverage provided by this Additional Coverage will not increase the Limits of Insurance provided in this Coverage Form.

#### **F. Outdoor Signs**

The insurance provided by this Coverage Form is extended to apply to outdoor signs:

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

Outdoor Sign Coverage is subject to all applicable provisions of the Causes of Loss Form on the policy. In addition, for signs (other than signs attached to buildings), we will not pay for loss or damage caused by or resulting from any of the following:

- a. Dampness or dryness of atmosphere;
- b. Changes in or extremes of temperature;
- c. Marring or scratching;
- d. Rain, snow ice or sleet.

The most we will pay for loss or damage in any one occurrence is \$5,000 at each described premises. The provisions of this extension supersede all other outdoor signs coverage references in the Building or Personal Property Coverage Form.

#### **G. Back-up of Sewers and Drains**

The insurance provided by this Coverage Form is extended to apply to loss or damage to Covered Property caused by or resulting from:

- 1. Water or water-borne material that backs up or overflows from a sewer, drain or pump; or
- 2. Water or water-borne material, under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

The most we will pay for loss or damage under this Extension in any one occurrence is \$25,000.

## H. Fire Extinguisher Systems Expense

We will pay the cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged to suppress a fire or other Covered Cause of Loss but only if the discharge occurs on or within 100 feet of the described premises.

No coverage will apply under this coverage extension if the fire extinguishing system is discharged during installation, testing, repair or recharging.

The most we will pay under this coverage extension is \$1,000. in any one occurrence. No deductible applies to this coverage extension.

## I. Loss Data Preparation

We will pay up to \$2,000 for costs you incur in preparing loss data we require after a covered property loss. This includes the cost of taking inventory, making appraisals and preparing other data to determine the extent of your covered loss.

No deductible applies to this extension.

## J. Reward Coverage

We will pay up to \$5,000 as a reward to any person or persons, other than you, your officers or partners, for information resulting in the arrest of any one or more person who are then convicted of committing arson or burglary which resulted in a Covered Cause of Loss under this policy. For the purposes of this extension, premises means the interior of your building. We will be the sole judge as to the person or persons to whom a reward is paid and as to the size of the reward. The coverage limit includes any advertising expense you incur in posting the reward.

## K. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000 for your liability for fire department service charges:

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

(2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

## 2. The Commercial Crime Coverage Form (Loss Sustained Form) is amended as follows:

### Money and Securities

The Limits of Insurance provided under the following Insuring Agreements of the Commercial Crime Coverage Form (Loss Sustained Form) are as follows:

<u>Insuring Agreement</u>	<u>Limit of Insurance</u>
3. Inside The Premises – Theft Of Money And Securities	\$ 10,000
5. Outside The Premises	\$ 10,000

The Limit of Insurance is the most we will pay for all loss resulting directly from any one "occurrence" at each described premises, unless a higher Limit of Insurance is shown in the Declarations. A special deductible of \$500 applies unless a higher deductible is shown in the Declarations. Unless any provision therein conflicts with anything stated within this coverage extension, the provisions of Section B, Limits of Insurance of the Commercial Crime Coverage Form apply.

## 3. Accounts Receivable

If such coverage is not already a part of the policy, the Accounts Receivable Coverage Form is added to the policy. The most we will pay for loss or damage in any one occurrence at each described premises is \$25,000, unless a higher Limit of Insurance is shown in the Declarations. Section D, Additional Conditions, Paragraph 3.b.Coinsurance does not apply.

#### 4. Extra Expense

Coverage is provided for Extra Expense as described in the Extra Expense Coverage Form or the Business Income (And Extra Expense) Coverage Form, whichever applies. The most we will pay in any one occurrence at each described premises is \$25,000, unless a higher Limit of Insurance is shown in the Declarations.

All other terms, conditions and exclusions of this policy remain unchanged.



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Authorized Agent

## BUSINESS INCOME AND EXTRA EXPENSE ACTUAL LOSS SUSTAINED

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period to	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

### **THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**This endorsement modifies insurance provided under the following:**

#### **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM EXTRA EXPENSE COVERAGE FORM CAUSES OF LOSS SPECIAL FORM**

The provisions of the Business Income (And Extra Expense) Coverage Form, Extra Expense Form, and Causes of Loss Special Form, apply except as otherwise provided in this endorsement. This endorsement applies only if the Coverage Forms named above are included in this policy.

It is agreed that:

1. This endorsement changes what we will pay for loss of Business Income and Extra Expense in your policy.
2. There is no dollar amount on what we will pay for loss of Business Income and Extra Expense. Instead there is a time limit which is shown in the Declarations as One Year. We will pay, subject to all the terms and conditions of the coverage form, for your actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration" or Extra Expense loss up to one year from the date and:
  - a. For Business Income coverage, 72 hours after the time the direct physical loss or damage to Buildings or Personal property occurs; or
  - b. For Extra Expense coverage, from the time immediately after the time the direct physical loss or damage to Buildings or Personal property occurs.

All other terms and conditions of this policy remain unchanged.

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Authorized Agent

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under:  
COMMERCIAL PROPERTY COVERAGE PART

### A. ADDITIONAL COVERED CAUSE OF LOSS

The following is added to the Covered Causes of Loss:

Equipment Breakdown, meaning an "accident" to "covered equipment".

### B. ADDITIONAL COVERAGES

The following Additional Coverages apply to loss or damage caused by or resulting from an "accident" to "covered equipment".

#### 1. Expediting Expenses

With respect to your damaged Covered Property, we will pay for reasonable extra costs you incur to:

- a. Make temporary repairs; and
- b. Expedite permanent repairs or replacement.

The most we will pay for expediting expenses is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

#### 2. Hazardous Substances

We will pay for the additional costs you incur to repair or replace Covered Property which has been damaged, contaminated or polluted by a "hazardous substance". This includes the additional expenses you incur to clean up or dispose of such property.

Additional expenses means expenses you incur that you would not have been incurred if no "hazardous substance" had been involved.

The most we will pay for loss or damage under this Additional Coverage including any:

- a. Spoilage of "perishable goods";
- b. Actual Loss of Business Income you sustain; and
- c. Necessary Extra Expense you incur;

is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

#### 3. Spoilage

- a. We will pay for loss of "perishable goods" due to spoilage.
- b. We will also pay for loss of "perishable goods" due to contamination from the release of a refrigerant, including but not limited to ammonia.
- c. We will pay any necessary expenses you incur to reduce the amount of loss under this Additional Coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Additional Coverage.
- d. If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident", less any discounts and expenses you otherwise would have had. Otherwise, our payment will be determined in accordance with the Loss Payment condition.

The most we will pay for loss or damage under this Additional Coverage is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

#### 4. Computer Equipment

We will pay for loss or damage caused by or resulting from an "accident" to "computer equipment".

The most we will pay for loss or damage, under this Additional Coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

**5. Data Restoration**

We will pay for your cost to research, replace and restore data, including programs and operating systems, that is lost or corrupted due to an "accident to "covered equipment".

The most we will pay for loss or damage under this Additional Coverage is \$25,000.

**6. CFC Refrigerants**

We will pay for the additional cost to repair or replace Covered Property because of the use of or presence of a refrigerant containing CFC (chlorinated fluorocarbon) substances. But we will not pay more than the lesser of the following costs to:

- a. Repair the damaged property and replace any lost CFC refrigerant;
- b. Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- c. Replace the system with one using a non-CFC refrigerant.

Additional costs mean necessary expenses you incur that you would not have incurred if there had been no CFC refrigerant present.

The most we will pay for loss or damage under this Additional Coverage, including any:

- a. Spoilage of "perishable goods";
- b. Actual Loss of Income you sustain; and
- c. Necessary Extra Expense you incur;

is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

**7. Service Interruption**

You may extend your insurance for Business Income, Extra Expense and Spoilage to apply to loss or damage caused by or resulting from an "accident" to equipment that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

**8. Demolition and Increased Cost of Construction**

If an "accident" to "covered equipment" damages a building that is Covered Property, we will pay the increased cost to:

- a. Repair or reconstruct damaged portions of that Building property;
- b. Reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required; and/or
- c. Demolish and clear the site of undamaged parts;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by such "accident";
- b. Regulates the construction or repair of buildings, or establishes zoning, or land use requirements at the described premises; and
- c. Is in force at the time of loss.

However, this coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

We will not pay more than the amount you actually spend to repair, rebuild or reconstruct the building or to demolish and clear the site of the described premises.

We will not pay for any of the following types of expenses that you incur arising out of the enforcement of building, zoning or land use ordinance or law:

- a. Fines;
- b. Your liability to a third party;
- c. Any increased costs you incur to clean up or dispose of Covered Property that has been contaminated by a "hazardous substance"; or
- d. Any increased cost of construction until the building is actually repaired, reconstructed or remodeled.

The most we will pay for loss or damage under this Additional Coverage is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

**9. Jurisdictional Inspections**

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

**10. Environmental, Safety and Efficiency Improvements**

If "covered equipment" is covered on a replacement cost basis and such equipment requires replacement due to an "accident", we will pay your additional cost to replace it with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace such equipment with like kind and quality.

**C. COVERED CAUSES OF LOSS**

The applicable Causes of Loss Form as shown in the Declarations is modified as follows:

**EXCLUSIONS**

- 1. All Exclusions and Limitations apply except:
  - a. In the Causes of Loss-- Special Form:
    - (1) Exclusions B.2.a., B.2.d.(6) and B.2.e.; and
    - (2) Limitations C.1.a. and C.1.b.
  - b. In the Causes of Loss-- Broad Form: Exclusions B.2.a., B.2.b. and B.2.c.
  - c. In the Causes of Loss-- Basic Form: Exclusions B.2.a., B.2.d. and B.2.e.
- 2. The Exclusions and Limitations are modified as follows:
  - a. The following is added to Exclusion B.1.g.(1) of the applicable Causes of Loss form:
 

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and Deductible.
  - b. If the Causes of Loss-- Basic Form or Causes of Loss-- Broad Form applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if loss or damage from an "accident" results, we will pay for that resulting loss or damage.

- c. If the Causes of Loss-- Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:
 

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident," we will pay for the loss or damage caused by that "accident".
- d. None of the following is "covered equipment":
  - (1) Structure, foundation, cabinet, compartment or air supported structure or building;
  - (2) Insulating or refractory material;
  - (3) Sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
  - (4) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
  - (5) Vehicles, unless such vehicle is stationary, permanently installed at the described premises and receives electrical power from an external power supplier;
  - (6) Dragline, excavation or construction equipment; or
  - (7) Equipment manufactured by you for sale.
- e. We will not pay under this endorsement loss or damage caused by or resulting from:
  - (1) Your failure to use all reasonable means to protect the "perishable goods" from damage following an "accident";
  - (2) Any defect, virus, loss of data or other situation within "media". But if loss or damage from an "accident" results, we will pay for that resulting loss or damage; or

(3) Any of the following tests:

- (a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
- (b) An insulation breakdown test of any type of electrical equipment.

f. With respect to the Service Interruption and Spoilage Additional Coverages, we will also not pay for loss or damage caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for steam or centrifugal explosion); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing or collapse.

#### **D. SPECIAL DEDUCTIBLE**

As respects Equipment Breakdown Coverage, when a Special Deductible is shown in the Schedule, Paragraph D. DEDUCTIBLE is deleted and replaced with the following:

##### **1. Property Damage, Business Income and Extra Expense Coverages**

The Property Damage Coverages Deductibles apply to all loss or damage covered by this endorsement, with the exception of those coverages subject to the Business Income and Extra Expenses Coverages Deductibles. If deductibles vary by type of "covered equipment" and more than one type of equipment is involved in any "one accident", only the highest deductible will apply.

##### **2. Application of Special Deductibles**

###### **a. Dollar Deductibles**

We will not pay for loss or damage resulting from any "one accident" until the amount of loss or damage exceeds the applicable dollar deductible shown in the Schedule. We will then pay the amount of loss or damage in excess of the applicable dollar deductible, up to the applicable Limit of Insurance.

###### **b. Time Deductible**

If a time deductible is shown in the Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident". If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

#### **c. Multiple of Average Daily Value (ADV)**

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage form that is part of this policy) that would have been earned had no "accident" occurred during the period of interruption of business divided by the number of working days in that period. But, no reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident", or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to all locations included in the valuation of the loss.

The number indicated in the Schedule shall be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

#### **E. CONDITIONS**

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

##### **1. Suspension**

When any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment". We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us. If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

##### **2. Payment Limits**

The most we will pay for loss or damage under this endorsement is the applicable Limit of Insurance shown in the Commercial Property Declarations or Equipment Breakdown Coverage Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

## F. DEFINITIONS

The following are added to the Definitions.

1. "Accident" means direct physical loss or damage caused by or resulting from:
    - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
    - b. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
    - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
    - d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
    - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
  2. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment, other than computers used primarily to control or operate "covered equipment".
  3. "Covered equipment", unless otherwise specified in the Schedule, means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.
  4. "Hazardous substances" means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.
  5. "Media" means all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or electronic data processing equipment.
  6. "One Accident" means:

If an initial "accident" causes other "accidents", all will be considered "one accident". All "accidents" that are the result of the same event will be considered "one accident".
  7. "Perishable Goods" means personal property maintained under controlled conditions for its preservation, and that is susceptible to loss or damage if the controlled conditions change.
  8. "Production Machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.
- This term does not appear elsewhere in this endorsement, but may appear in the Schedule.



ACE USA

# Equipment Breakdown Coverage Endorsement

## SCHEDULE

*Equipment Breakdown Coverage is subject to the Coverage Limits shown in the Declarations for "Real Property", "Personal Property", Loss of Income, and Extra Expense, except as specifically shown below.*

*Equipment Breakdown Coverage applies to all locations covered on the policy, unless otherwise specified.*

Additional Coverages	Coverage Limits
Expediting Expense	\$ 25,000
Hazardous Substances	\$ 25,000
Spoilage	\$ 25,000
Computer Equipment	\$ 25,000
CFC Refrigerants	\$ 25,000
Demolition and Increased Cost of Construction	\$ 25,000
Data Restoration	\$ 25,000
<b>Special Deductibles</b>	

The Property Deductible shown in the Declarations applies unless a special Deductible is shown below.

Combined, All Coverages	\$
Property Damage Coverages	\$
Loss of Income and Extra Expense Coverages	<u>1 Day</u>

### Other Conditions

*SERFF Tracking Number:*      *ACEH-125620639*                      *State:*                      *Arkansas*  
*First Filing Company:*      *ACE American Insurance Company, ...*                      *State Tracking Number:*      *EFT \$50*  
*Company Tracking Number:*      *08-CP-2007651*  
*TOI:*                      *01.0 Property*                      *Sub-TOI:*                      *01.0001 Commercial Property (Fire and Allied Lines)*  
  
*Product Name:*                      *08-CP-2007651*  
*Project Name/Number:*                      *Advantage Conversion Property/08-CP-2007651*

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: ACEH-125620639 State: Arkansas  
 First Filing Company: ACE American Insurance Company, ... State Tracking Number: EFT \$50  
 Company Tracking Number: 08-CP-2007651  
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
 Product Name: 08-CP-2007651  
 Project Name/Number: Advantage Conversion Property/08-CP-2007651

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 04/30/2008

**Comments:**

**Attachments:**

NAIC Transmittal F -.pdf  
 List of Property Forms \_ COMP.\_ .pdf

**Satisfied -Name:** ISO COVERAGE COMPARISON **Review Status:** Approved 04/30/2008

**Comments:**

**Attachment:**

Advantage to ISO coverage comparison.pdf

**Satisfied -Name:** POLICYHOLDER NOTICE **Review Status:** Approved 04/30/2008

**Comments:**

**Attachment:**

Policyholder Notice - ISO Commerical Property 04-02 Edition (All other States).pdf

**Satisfied -Name:** FILE MEMO **Review Status:** Approved 04/30/2008

**Comments:**

**Attachment:**

AR Property Filing Memo.pdf

## Property & Casualty Transmittal Document

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

<b>3. Group Name</b>	<b>Group NAIC #</b>
ACE USA	626

4. Company Name(s)	Domicile	NAIC #	FEIN #
ACE American Insurance Company	PA	22667	95-2371728
ACE Fire Underwriters Ins. Co.	PA	20702	06-6032187
ACE Indemnity Ins. Co.	PA	10030	92-0040526
ACE Property and Casualty Ins. Co.	PA	20699	06-0237820
Bankers Standard Ins. Co.	PA	18279	59-1320184
Indemnity Ins. Co. of North America	PA	43575	06-1016108
Insurance Company of North America	PA	22713	23-0723970
Pacific Employers Ins. Co.	PA	22748	95-1077060

<b>5. Company Tracking Number</b>	08-CP-2007651
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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
	Renice Cox 510 Walnut Street WB04G Philadelphia, PA 19106	Regulatory Specialist	(215) 640-4876	(215) 640-4986	Renice.cox@ace-ina.com

7. Signature of authorized filer	
8. Please print name of authorized filer	Renice Cox

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

9. Type of Insurance (TOI)	Property
10. Sub-Type of Insurance (Sub-TOI)	Commercial Property (Fire & Allied Lines)
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 03/01/09      Renewal: 03/01/09

## Property & Casualty Transmittal Document---

<b>15.</b>	<b>Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16.</b>	<b>Reference Organization</b> (if applicable)	
<b>17.</b>	<b>Reference Organization # &amp; Title</b>	
<b>18.</b>	<b>Company's Date of Filing</b>	4/23/08
<b>19.</b>	<b>Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	08-CP-2007651 (F)
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Adopt ISO Division Fire-Fire and Allied Lines with Supplemental Forms & Rules, revise LCM's and introduce LAF's for specific industries.

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<p><b>Check #:</b> NA <b>Amount:</b> NA</p> <p><b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b></p>	

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

## **These pages are informational only and do not need to be submitted with your filings!**

### **Notes for Uniform Property & Casualty Transmittal Document**

#### **DESCRIPTION OF ITEMS IN THE PROPERTY AND CASUALTY TRANSMITTAL DOCUMENT**

- 1. Reserved for Insurance Dept. Use Only**—this section is for anything the Dept. wishes to capture—such as date stamps, approval stamps, check routing numbers, accounting codes, etc.
- 2. Insurance Department Use Only Box:** Includes the following information: (It is up to the state to determine which, if any, of this info they wish to record—or it may be recorded in #1 box with stamps (for example))
  - a. Date the filing is received by the Insurance Dept.**
  - b. Analyst**—lead analyst who reviewed the filing and assigns final disposition
  - c. Disposition**—this is the disposition that the Dept. assigns—authorized, approved, filed, withdrawn, disapproved, informational only, etc.
  - d. Date of Disposition of the filing**—date filing is finished
  - e. Effective Date of the Filing**—date the filing goes into effect. This date may vary by state—it might be the “approval” date in some states. It might be the implementation date in some states. It might be the received date in some states. The Dept. should use the date that is applicable in their state.
  - f. State Filing #:** The number the state assigns to the filing (if applicable).
  - g. SERFF Filing #:** Some states may use SERFF to track paper filings and will use that SERFF assigned number.
  - h. Subject Codes** – This field is intended to capture one or more Subject Codes for states to track particular attributes of a filing, such as mold exclusions. The codes or terms used would be variable by state.
- 3. Group Name and Group NAIC #** as assigned by NAIC.
- 4. Company Name(s), State of Domicile, NAIC #, FEIN#, State #:** Every company to which this filing applies must be listed and the company information must be supplied, with the exception of the State # (the company specific code) if not available or not required by the filing jurisdiction. A filing that lists a group without supplying company info will not be accepted in most states.
- 5. Company Tracking Number:** The filing number assigned by the insurance company, if any.
- 6. Contact Info of Filer or Corporate Officer:** The company should supply the information on the person the state should contact if there is a question/problem with the filing. If there is more than one person (perhaps, one for rates, one for forms) then both should be listed.
- 7. Signature of authorized filer:** Some states require a signature of the authorized filer. If the filer is third party, a letter of authorization from the insurer must be submitted according to state requirements.
- 8. Please print name of authorized filer:** So we can decipher #7 above!
- 9. Type of Insurance (TOI):** Refer to Uniform Property & Casualty Product Coding Matrix. This corresponds to the column entitled “SERFF Type of Insurance” and roughly corresponds to the annual statement line of business.
- 10. Sub-type of Insurance (Sub-TOI):** Refer to Uniform Property & Casualty Product Coding Matrix. This corresponds to the column entitled “SERFF Sub-Type of Insurance”.
- 11. State Specific Product code(s):** See State Specific Requirements for these codes
- 12. Company Program Title:** Marketing title, if applicable.
- 13. Filing Type:** Choices are Rate/Loss Cost; Rules; Rates/Rules; Forms; Withdrawal; Other.

**14. Effective Date Requested:** This is the effective date the company requested when they made the filing. It is not necessarily the date the filing officially becomes effective. This is also where the company can indicate the different effective dates for new or renewal business.

**15. Reference Filing:** Yes/No

**16. Reference Organization (if applicable):** The name of the advisory organization—i.e. ISO, NCCI, AAIS, etc. or an Insurance Company name if “me too filing” is permitted. Some states allow companies to reference another company’s filing. A “me too” filing is when one company adopts another company’s filing. Usually they are not part of the same group. You should check with each state to determine their rules on these filings. If permitted, use this area to indicate either an advisory organization name or “me too” company name.

**17. Reference Organization Number & Title (if applicable):** This is the unique number that the reference organization gives to the filing. It is generally not the same number as the circular number.

**18. Company’s Date of filing:** The date the company sends the filing.

**19. Status of filing in domicile:** Place for the company to show if filing has been filed in domicile and its status.

**20. This filing transmittal is part of Company Tracking #:** This ties all of the pages of the transmittal to the same filing. It is helpful for the state.

**21. Filing Description:** This area can be used in lieu of a cover letter or filing memorandum and is free-form text.

**22. Filing Fees:** Please refer to each state’s checklist for additional state specific requirements or instructions on calculating fees.

<b>Form Number</b>	<b>Edition Date</b>	<b>Form Title</b>	<b>Mandatory/ Optional</b>	<b>Broadens/ Clarifies/ Restricts</b>
FA-23072	(8/06)	Special Extensions of Coverage (All other states)	Mandatory	Broadens
FA-23074	(8/06)	Recycling Special Extensions of Property Coverage (all states except AK, NY, LA)	Mandatory	Broadens
FA-23076	(8/06)	Public Entity Special Extensions of Property Coverage (all states except AK, NY, LA)	Mandatory	Broadens
FA-23320	(09/07)	Research And Development Expenditures Special Extensions of Property Coverage	Mandatory	Broadens
FA-23316	(09/07)	Contamination Coverage	Optional	Broadens
FA-23318	(09/07)	Long Term Care Property Extensions	Optional	Broadens
FA-23317	(09/07)	Life Science Special Conditions of Coverage	Optional	Broadens
FA-23321	(09/07)	Small Business Preferred Extensions of Property Coverage	Optional	Broadens
FA-23314	(09/07)	Business Income and Extra Expense Actual Loss Sustained	Optional	Broadens
FA-7Y32	(1/99)	Equipment Breakdown Coverage Endorsement	Optional	Broadens
FA-8Y96	(1/99)	Equipment Breakdown Coverage Endorsement Schedule	Optional	Clarifies

COVERAGE	ADVANTAGE	ISO
	COMMERCIAL PROPERTY COVERAGE FORMS	BUILDING AND PERSONAL PROPERTY COVERAGE FORMS
<b>Real Property</b>	Land and generally anything built or growing on land. Also Personal Property used to maintain and service Real property.	Specifically lists buildings, completed additions, fixtures and permanently installed machinery and equipment.
<b>Personal Property</b>	All business property other than Real property. Either owned by you or in your Care Custody and Control and you are responsible even though it belongs to someone else.	Specifically lists 7 types of business personal property including all other personal property owned by you and used in your business. Property in care, custody and control is also included.
<b>Property Not Covered</b>	Excavations, grading, land, water, trees, shrubs, plants, lawns, crops, vehicles, watercraft, aircraft, animals, money and securities.	Same as Advantage plus bridges, roadways, walks patios, paved surfaces, contraband, foundations, airborne or waterborne property, bulkheads, pilings, piers, wharves, docks, retaining walls that are not part of a building, underground pipes/flues/drains, electronic data except as provided in Additional Coverages, cost to replace valuable papers except as provided in Coverage Extension. Also grain, hay, and straw outside a building.
<b>Debris Removal</b>	25% of the amount paid for loss to covered property before the application of any deductible. \$5,000 additional per location if 25% limitation or limit of insurance is exceeded.	25% of the sum of the deductible plus the amount paid for direct physical loss. \$10,000 additional per location if 25% limitation or limit of insurance is exceeded.
<b>Personal Property of Others</b>	\$ 10,000 while in transit or temporarily off the premises. All risk basis if property is written on that basis	\$ 10,000 if temporarily at a location not owned in storage at a leased location, or at a fair, tradeshow or exhibition. \$ 5,000 in transit for 8 named perils.
<b>Newly Acquired Property</b>	\$250,000 for Real Property up to 180 days. \$100,000 for Personal Property for 30 days. Limit applies to each premises.	\$250,000 buildings and \$100,000 personal property for 30 days. ISO also applies to newly built. Personal Property does not apply at fairs, trade shows or exhibitions. Limit applied to each building.
<b>Trees, Scrubs, and Plants</b>	\$500 any one tree and \$2500 any one occurrence from fire, lightning, explosion, riot or aircraft.	\$250 any one tree and \$1,000 per occurrence
<b>Valuable Papers</b>	\$5,000 to restore, research, replace or reproduce.	\$2500 to replace or restore for which duplicates do not exist
<b>Personal Effects</b>	\$500 per person and \$ 5,000 per occurrence.	\$2500 at each premise but not for theft.
<b>Accounts Receivable</b>	\$ 5,000 each occurrence	No Coverage. Coverage available by endorsement.

COVERAGE	ADVANTAGE	ISO
<b>Pollution Clean-up</b>	\$10,000 each annual period for clean up of pollutants from covered property or land, air or water at your premises. The presence, release, discharge or dispersal of pollutants must be caused by a covered cause of loss. Clean up includes testing, monitoring, removal, containment, treatment, Must be reported within 180 days.	Also \$10,000. Pays expenses to extract pollutants from land or water if the discharge, dispersal, seepage, migration, release or escape of pollutants is caused by or results from a covered cause of loss.
<b>Fire Dept Service Charge</b>	\$1,000 per occurrence	Same
<b>Exterior Signs</b>	\$5,000 per occurrence	\$1,000
<b>Non-Owned Detached Trailers</b>	No coverage	\$5,000 per occurrence if causes of loss form applies to the insured's business personal property
<b>Automatic Inflation Adjustment</b>	Real property increased in accordance with the Building Cost Modifier normally applied by ACE	Optional coverage based on percentage shown in Declarations
<b>Extended Loss of Income</b>	30 days if Loss of Income is selected.	Self contained form used. Also 30 days
<b>Preservation of Property</b>	10 days	30 days
<b>Building Glass</b>	Glass is covered for 14 specified perils building glass is part of the Real Property limit. Otherwise, \$100 per plate and \$500 per occurrence applies. No coverage if building is vacant more than 60 days.	Covers expenses to put up temporary plates if repair or replacement of damaged glass is delayed. Covers expense to remove obstructions when repairing glass that is part of a building
<b>Vacancy</b>	Coverage for V&MM is excluded if property is vacant more than 60 consecutive days before the loss.	V&MM, sprinkler leakage, building glass breakage, water damage, theft or attempted theft are excluded if vacant > 60 consecutive days. For other Covered Causes of Loss, there is a 15% reduction in payment that would otherwise be made.
<b>Electronic Data</b>	Coverage is provided as part of the Personal Property limits for covered causes of loss.	\$2500 annual coverage for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss.
<b>Property of Others</b>	Included in the Personal Property limit.	\$2500 at each described premises.
<b>Outdoor Property</b>	Fences, radio/TV antenna, satellite dishes are part of Real Property limit.	\$1,000 limit on this outdoor property.

COVERAGE	ADVANTAGE	ISO
<b>Property in Transit</b>	\$5,000 per occurrence. ISO limitations do not apply	\$5,000 per occurrence. Loss applies: - Only if property is on Insured's motor vehicle - Doesn't apply if property is in the Care Custody and control of a salesperson - Earthquake and flood not covered cause of loss
<b>Extra Expense</b>	\$10,000 per occurrence limit provided	No comparable extension
<b>Valuation</b>	Real property is at replacement cost value. All other property is actual cash value unless stated differently on the Declarations. Selling price is used for merchandise that has been sold but not delivered for manufacturer's.	ACV for Real and Personal Property. Selling Price on stock sold but not delivered. If building damage is \$2500 or less, then RCV on building
<b>Coinsurance/Deductible</b>	Applies the deductible to the loss amount before applying any coinsurance penalty factor (e.g. \$40,000 loss - \$1,000 deductible x .75 coinsurance penalty factor = \$29,250.) Also, coinsurance agreement does not apply to losses less than \$10,000	Applies the deductible to the loss amount after the coinsurance penalty factor is calculated (e.g. \$40,000 x .75 coinsurance penalty = \$30,000 - \$1,000 deductible = \$29,000 payment
<b>Loss Conditions</b>	Under duties of Insured in the event of loss or damage: - Inventory not required for any loss under \$10,000  - Must be permitted to examine books and records  - No provision for samples	Under duties of Insured in the event of loss or damage: - Must have complete inventory of damaged and undamaged property for all losses - Must be permitted to inspect as often as reasonably required - May take any samples required

	LEVEL OF PROPERTY PROTECTION - BASIC PROTECTION	CAUSES OF LOSS - BASIC FORM
- Smoke	Smoke damage from fireplaces excluded	No comparable exclusion
- Aircraft or Vehicles	Excludes vehicle damage to fences, driveways and walkways only	Excludes damage from vehicles you own
- Vandalism & Malicious Mischief	Excludes loss or damage to glass that forms part of a building	No comparable exclusion
- Sinkhole collapse	No exclusional language	Excludes sinkhole or collapse into man-made underground cavities
- Sonic Boom	A named cause of loss	Not a cause of loss
<b>Basic Form - Exclusions</b>		
- Current Causation Language	Excludes losses from named causes of loss as follows: - Ordinance or Law - Earth Movement - Government Action - Nuclear Hazard - Utility Services - War/Military Action - Water - Fungus, Wet rot, Dry rot and Bacteria	Excludes Loss or damage caused directly or indirectly from the same named exclusions. Further, the exclusions apply even with wide spread damage.

COVERAGE	ADVANTAGE	ISO
<p>- <b>Ensuing loss under Concurrent Causation</b></p>	<p>Covers fire or explosion from any cause of loss other than war</p>	<p>Certain types of losses are preserved as shown:  - Earth movement (Fire only)  - Volcanic Eruption (Fire only)  - Government action (Destruction to prevent spread of fire)  - Nuclear Hazard (Fire only)  - Water (Fire, explosion or sprinkler leakage)</p>
<p>- <b>With limited Coverage for ensuing cause of loss</b></p>	<p>Ensuing fire and explosion is covered. There is no specific additional description.</p>	<p>- Artificially generated electrical currents (resultant fire)  - Leakage or discharge of water (covered if caused by a covered cause of loss)  - Explosion of steam boilers (resultant fire or combustion)  - Mechanical breakdown (resulting from a covered cause of loss)</p>
	<p><b>LEVEL OF PROTECTION - COMPREHENSIVE PROTECTION</b></p>	<p><b>CAUSES OF LOSS - SPECIAL FORM</b></p>
<p><b>Loss Limitations</b></p>	<p>Animals are not covered property</p>	<p>Animals are covered property if they are killed or destroyed because of a covered cause of loss</p>
<p><b>Causes of Loss - Special Form</b></p>	<p>Excluded causes of loss are listed and comparison with ISO follows. There is an exception to all excluded causes of loss except War. As with the basic form resultant Fire and Explosion is covered.</p>	<p>Excluded causes of loss are categorized into 3 categories:  1. No Coverage  2. Cause of loss only is excluded. There is no effect on other causes of loss.  3. No coverage for if loss results in a covered cause of loss, coverage is provided.</p>
<p><b>Category 1 Exclusions</b></p>		
<p>- <b>Ordinance or Law</b>  - <b>Earth movement</b>  - <b>Water</b></p>	<p>Excludes construction, repair or demolition only  Covers resulting fire and explosion and defines an occurrence as happening within a 72 hour period  Backup of sewers and drains is not excluded. Resultant fire and explosion is covered</p>	<p>Excludes all loss or damage  Covers resulting fire and defines occurrence as happening within a 168 hour period  Definition includes 'Tides', 'Overflow', and 'Mud slide'.  Backup of sewers and drains is added as an exclusion to the definition. Loss or damage from resultant Fire, Explosion and sprinkler leakage is covered</p>
<p>- <b>Government Action</b>  - <b>Nuclear Hazard</b>  - <b>Utility Services</b>  - <b>War and Military Action</b>  - <b>Fungus, Wet Rot, Dry Rot and Bacteria</b></p>	<p>No differences  No differences  No differences  No differences  No differences</p>	<p>No differences  No differences  No differences  No differences  No differences</p>

COVERAGE	ADVANTAGE	ISO
<b>Category 2 Exclusions</b>	Covers resultant fire and explosion only	Covers resultant basic causes of loss
- <b>Smoke from Industrial Operations</b>	Not excluded	Excluded
- <b>Smog</b>	Not excluded	Excluded
- <b>Nesting or Infestation</b>	Excludes loss or damage caused by animals	Excludes nesting or infestation or discharge or release of waste products
- <b>Mechanical Breakdown</b>	Excluded	Excluded but covers resultant elevator collision and building glass breakage
- <b>Personal Property causes of loss</b>		
<b>a. Damages or dryness of atmosphere</b>	Excluded	Excluded
<b>b. Changes or extremes of temperature</b>	Excluded unless loss or damaged results for physical damage to building equipment	Excluded
<b>c. Marring or scratching</b>	Excluded except for specified causes of loss	Same
- <b>Voluntary parting with property</b>	Not excluded	Excluded if induced by fraudulent scheme, trick, devise or false pretense
- <b>Precipitation damage to Personal Property outdoors</b>	Not excluded	Excludes damage from rain, snow, ice or sleet
- <b>Collapse</b>	Not excluded	Excluded unless additional coverage is purchased
- <b>Release of Pollutants</b>	Excluded and provides a separate exclusion for Asbestos	Excluded and adds smoke and soot to the definition
- <b>Artificially generated currents</b>	Excluded	Excluded
- <b>Delay, Loss of use or loss of Market</b>	Excluded	Excluded
- <b>Wear and Tear</b>	Excluded	Excluded
- <b>Rust or other corrosion, decay etc.</b>	Excluded	Excluded
- <b>Hidden or latent defects</b>	Excluded	Excluded
- <b>Settling, cracking, shrinkage or expansion</b>	Excluded	Excluded
- <b>Boiler explosion</b>	Excluded	Excluded
- <b>Continuous leakage</b>	Excluded	Excluded
- <b>Discharge by freezing</b>	Excluded	Excluded
- <b>Employee Dishonesty</b>	Excluded	Excluded
- <b>Neglect</b>	Excluded	Excluded

COVERAGE	ADVANTAGE	ISO
<b>Category 3 Exclusions</b> - Weather conditions  - Acts or Decisions - Faulty, inadequate or defective materials	Policy is silent however "concurrent causation" language is applicable  Policy is silent however "concurrent causation" language is applicable Excluded	Excluded if weather conditions contribute to a Group 1 Exclusion to cause a loss Excluded as a cause of loss Exclusion expanded to include: 1. Planning and zoning 2. Design specification 3. Materials used in repair, construction 4. Maintenance
	<b>ADDITIONAL COVERAGE DIFFERENCES</b>	<b>ADDITIONAL COVERAGE DIFFERENCES</b>
<b>Business Income (and Extra Expense) Coverage Form</b> <b>Business Income (without Extra Expense) Coverage Form</b> <b>Extra Expense Coverage Form</b>	No specific exclusions or extensions pertaining to these coverage forms apply	Exclusions - Loss caused by failure of power or other utilities occurring outside a covered building - Loss caused by or resulting from damage or destruction or finished stock (does not apply to Extra Expense) - Loss caused by or resulting from direct physical damage to radios or TV antennas - Suspension, lapse or cancellation of any license, lease or contract if caused directly by suspension of operations, coverage will apply to the portion of the loss that affects loss of income
<b>Limitations to all Policy Forms and Endorsements</b>	The three ISO exclusionary provisions do not apply	- For loss or damage from rain, snow or sleet, the building must first have suffered damage from a covered cause of loss - Excludes loss or damage to building supplies not attached to the building - Excludes loss or damage to property transferred to a place outside the premises on the basis of unauthorized instructions
- Theft	Not applicable	There are theft sub limits on: 1) Furs, Fur garment - \$2,500 2) Jewelry, watches - \$2,500 3) Patterns, Dies and Molds - \$2,000 4) Stamps, tickets and letters of credit - \$250
- Building Glass Coverage	Building glass coverage is limited for theft to \$100 per plate, \$500 per occurrence	No such limitation
<b>Additional Coverage - Collapse</b>	Not specifically addressed	Coverage applies only if the collapse was the result of one of the specified causes of loss or one of the following: - Building glass breakage - Weight of people or personal property - Weight of rain on a roof - hidden decay, insect or vermin damage of which the insured had no knowledge or prior to the collapse - Faulty materials or workmanship during construction or renovation
<b>Cancellation provisions</b>	Always pro-rata	May be short rate if insured cancels

## ADVISORY NOTICE TO POLICYHOLDERS (04/02)

This Summary highlights certain changes in coverage resulting from the withdrawal of the Advantage Series Coverage Forms and adopting Insurance Services Office (ISO) Coverage Forms and Endorsements.

No coverage is provided by this summary nor can it be construed to replace any provisions in your policy. You should read your policy and review your declaration page for complete information on the coverage you are provided. If there is any conflict between the policy and this summary **THE POLICY PROVISIONS OF THIS POLICY SHALL PREVAIL.**

This Summary provides a detailed narrative identifying similarities and differences in coverage between the present Advantage Series Commercial Program and the ISO Commercial Property Program (Division Five.) This summary is limited to the Property Coverage Forms, Basic and Special Causes of Loss Forms, Business Income and Extra Expense Forms, Commercial Property Conditions and Common Policy Conditions. Not included in this summary are special conditions, optional forms or endorsements.

### **Building and Personal Property Coverage Form**

#### **Covered Property – Building**

1. The definition of Real Property under Advantage is generally anything built on land. Under **Property Not Covered**, ISO excludes specific types of property such as:
  - Bridges, roadways, walks, patios and other paved surfaces
  - Foundations of buildings, structures, machinery or boilers if their foundations are below the lowest basement floor or the surface of the ground, if there is no basement
  - Bulkheads, pilings, piers, wharves or docks
  - Retaining walls that are not part of a building
  - Underground pipes, flues or drains

Coverage for these types of property may be available in ISO as a separate endorsement.

#### **Covered Property – Business Personal Property/Property of Others**

1. Under **Covered Property, Your Business Property**, unlike Advantage, ISO provides a separate Limit of Insurance category for **Personal Property of Others**. This Limit of Insurance provides coverage for property of others not defined as covered property under Your Business Personal Property e.g., leased personal property with no obligation to insure or personal property of others not leased. Also, note the following:
  - If the **Personal Effects and Property Of Others** extension applies, a limit of \$2,500 is provided for personal property of others in your care, custody or control.
  - If Business Personal Property is written on a **Replacement Cost** basis, the replacement cost provision will not apply to personal property of others unless the **Extension - Replacement Cost To Personal Property Of Others** is selected.
  - If an item is subject to a written contract which governs liability for loss or damage, the valuation will be based on the amount of which you are liable under such contract.

#### **Property Not Covered**

1. ISO excludes land (including land on which the property is located), water, growing crops or **lawns**. Advantage excludes land, water and growing crops only – lawns are covered as described under Extension 2. ISO also excludes while outside buildings:
  - Grain, hay, straw or other crops (Advantage excludes growing crops only)
  - Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, except as provided under the Coverage Extensions. (These items are not excluded as covered property in Advantage.)
2. ISO excludes as covered property personal property while airborne or waterborne. Advantage covers Personal Property Off-Premises under Coverage E. There is no exclusion for property while airborne or waterborne.

3. ISO excludes vehicles (or self-propelled machines) including aircraft or watercraft if licensed for use on public roads; or operated principally away from the described premises. ISO covers:
  - vehicles, self-propelled machines or autos you manufacture, process or warehouse
  - vehicles or self-propelled machines other than autos, you hold for sale
  - rowboats or canoes out of water at the described premises
  - trailers to the extent coverage is provided under the Coverage Extension

There is similar language in Advantage.

### Covered Causes of Loss

1. Under **Additional Coverage**, ISO provides a limit of **\$10,000** under **Debris Removal Coverage** if the 25% limitation is exceeded or if the total of the direct physical loss or damage plus debris removal expense exceeds the Limit of Insurance. Advantage provides a limit of \$5,000 as respects these conditions. Under Advantage, increased limits may be available as a separate endorsement.
2. There is different language in ISO and Advantage as respects pollution under **Debris Removal Coverage**: Under ISO, Debris Removal does not apply to costs to **extract** pollutants from land or water or remove, restore or replace polluted land or water.

Under Advantage, Debris Removal does not apply to expense to **clean up** of pollutants from covered property or land, air, or water.

The definition of pollutants under ISO includes **soot** and **smoke**.

While ISO excludes the costs to extract pollutants, coverage applies to the **cost to remove debris of covered property contaminated by a pollutant** as a result of a covered cause of loss under the Debris Removal provision.

3. Under **Additional Coverage - Preservation of Property**, ISO provides coverage for a period of **thirty** days after the covered property is moved. Equivalent coverage under Advantage is provided for a period of ten days.
4. Under **Additional Coverage - Pollutant Clean Up and Removal**, there are the following language differences:
  - Under Advantage, coverage applies to expense incurred for the **clean up** of pollutants from **covered property or land, air or water**. ISO covers the expense to **extract** pollutants from **land or water**. Under ISO, this additional coverage applies **regardless of whether covered property is damaged**. Because of this language difference, under ISO expenses must be reported within 180 days of the date of the **covered cause of loss**. Under Advantage, expenses must be reported within 180 days after the **direct physical loss**.
  - ISO covers the cost to **extract** pollutants from land or water and the **cost for testing** which is performed in the course of extracting the pollutants from the land or water. Coverage does not apply to the costs to test for, monitor or assess the existence, concentration or effects of pollutants.

Advantage covers the expense incurred for clean-up of pollutants from covered property or land, air or water. Clean-up is defined as: Testing, monitoring, removal, containment, treatment, detoxification or neutralization.

- Under ISO, the way pollutants may enter land or water is described as: Discharge, dispersal, seepage, migration, release or escape. Under Advantage, the description is: Presence, release, discharge or dispersal.
  - The definition of pollutants under ISO includes smoke and soot.
5. Under **Additional Coverage**, ISO provides **Increased Cost of Construction**. This extension is applicable to buildings written on a Replacement Cost basis. Coverage applies to the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property subject to the limitations in the form. The amount of additional insurance provided under this extension is **\$10,000 or 5% of the Limit of Insurance** applicable to the building, whichever is less. It should be noted that this is limited coverage and applies only to damaged parts of the property. Under Advantage, Ordinance or Law may be available as a separate endorsement.

6. ISO provides an extension of coverage for **Valuable Papers and Records (Other than Electronic Data)** and an **Additional Coverage** for **Electronic Data**. Advantage includes electronically produced data in the definition of Valuable Papers and Records. In addition, Advantage policies include the Data Processing Amendment Endorsement ALL-10754 which further amends coverage provided for Electronic Data and Media.

The significant differences resulting from this approach as respects Electronic Data are as follows:

- Advantage covers the cost to restore, research, replace or reproduce Electronic Data under the Valuable Papers and Records Extension up to \$5,000 in one occurrence, subject to specified causes of loss and no deductible applies. ISO provides a limit of \$2,500 for all losses in one policy year. Specified causes of loss and location deductible apply.
- Advantage covers Electronic Data for loss or damage caused by Flood and Earth Movement to the extent such causes of loss are covered under the policy. ISO does not cover these causes of loss or any causes of loss added by endorsement.
- Advantage excludes computer virus; ISO provides limited coverage.

### Coverage Extensions

For **Coverage Extensions** to apply, ISO requires a coinsurance percentage of 80% or more or a value reporting period symbol. There is no such requirement in Advantage. Except as otherwise noted, extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises. Also, note the policy must cover Building or Business Personal Property for the related Coverage Extensions to apply.

1. Under **Coverage Extensions - Newly Acquired Property**, ISO includes buildings **while being built** on the described premises in addition to building you acquire at other than the described premises. Advantage does not cover buildings while being built under Newly Acquired Property.
2. Under **Coverage Extensions - Newly-Acquired Real Property**, Advantage provides for 180 days after you acquire the property. Under ISO, the **Period of Coverage** is **30** days.
3. Under **Coverage Extensions - Newly-Acquired Business Personal Property**, ISO covers newly-acquired business personal property at a covered location, plus newly-acquired business personal property at a newly constructed or acquired building at the described premises plus business personal property at a newly-acquired location. Advantage provides coverage at a newly-acquired location only.
4. Under **Coverage Extensions - Newly-Acquired Business Personal Property**, ISO specifically excludes business personal property at any location you acquire at fairs, trade shows or exhibitions. No comparable exclusion exists in Advantage.
5. Under **Coverage Extensions - Newly Acquired Or Constructed Property**, ISO excludes personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities. No comparable exclusion exists in Advantage.
6. Under **Coverage Extensions – Personal Effects**, Advantage provides coverage for Personal Effects only for a limit of \$500 any one person; \$5,000 in any one occurrence. Theft is covered, if Comprehensive Protection applies. No deductible applies. Under ISO, similar coverage is provided under **Personal Effects and Property of Others**. The applicable limit is \$2,500 each premises covering both personal effects and personal property of others if in the insured's care, custody or control. For Personal Effects Coverage only, theft is excluded; location causes of loss apply to property of others. The location deductible applies.
7. ISO covers the cost to replace or restore **Valuable Papers and Records (Other than Electronic Data)** up to a limit of \$2,500 at each location. Coverage is provided for specified causes of loss and the location deductible applies. Under Advantage, the limit for the Valuable Papers and Records Extension is \$5,000, the location causes of loss apply and there is no deductible. (It should be noted that the Advantage extension also includes electronic produced data under the definition of Valuable Papers and Records.)

8. Advantage provides a limit of \$10,000 for Personal Property while in transit or temporarily located off your premises. The deductible is \$250. If Comprehensive Protection applies, Earth Movement and Flooding are covered for covered property in transit. If Basic Protection, vehicle collision is a covered cause of loss.

ISO provides two distinct coverages:

- Under **Coverage Extensions - Property Off Premises** for a limit of **\$10,000** if your covered property is temporarily at a location you do not own, lease or operate, in storage at a location you lease, provided the lease was executed after the beginning of the current policy or at a fair, trade show or exhibition. Coverage does not apply to property in or on a vehicle or to property in the care, custody or control of your salesperson unless at a fair, trade show or exhibition. The location deductible and covered causes of loss apply.
  - Under **Causes of Loss Special Form, Additional Coverage Extensions - Property in Transit**, ISO provides a limit of \$5,000. This extension covers your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. However, the property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory. (Coverage is provided only under Causes of Loss- Special Form and limited causes of loss apply.)
9. Advantage provides a limit of \$5,000 for Signs under Extension 9. The cause of loss covered is the highest level of protection on the policy and subject to a \$250 deductible. ISO covers signs attached to the building for a limit of **\$1,000**. The covered causes of loss are those applicable to the building and the location deductible applies. As respects free-standing signs, coverage is provided under **Coverage Extensions – Outdoor Property**. Coverage is provided for all outdoor property up to a limit of \$1,000 in one occurrence. Limited causes of loss apply and coverage is subject to the location deductible.
  10. Advantage covers Trees, Shrubs, Plants and Lawns under Extension 2. for a limit of \$500 per item; \$2,500 per occurrence subject to named causes of loss. No deductible applies. ISO coverage is provided with other Outdoor Property under **Coverage Extensions – Outdoor Property** subject to a limit of **\$250 per item; \$1,000** for all Outdoor Property in any one occurrence. Coverage is provided for limited causes of loss and the location deductible applies. In addition, unlike Advantage, ISO does not cover lawns.
  11. ISO covers other Outdoor Property such as fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers only under the **Coverage Extensions - Outdoor Property Extension**. Coverage is for limited causes of loss up to a limit of **\$1,000** for all Outdoor Property in any one occurrence. This type of outdoor property is not excluded as covered property under Advantage.
  12. Under **Coverage Extensions**, ISO includes a coverage extension to provide limited coverage on **Non-owned Detached Trailers**. Coverage is based on contractual responsibility and is provided in the amount of **\$5,000**. The coverage extension is subject to the causes of loss form that applies to the insured's business personal property. Therefore, theft is covered only if the Special Causes of Loss Form applies. This is an additional amount of insurance. There is no comparable extension in Advantage.
  13. Advantage includes an extension to pay for a covered loss to **Accounts Receivable** while they are at a covered location up to a limit of \$5,000. – no deductible applies. ISO has no comparable extension.

### Deductible

1. Under ISO **Deductible** provision, the applicable deductible is applied **after** the amount of the loss is reduced, if required by the co-insurance condition or the Agreed Value Optional Coverage. Under the Advantage provisions, the applicable deductible is applied **before** the amount of the loss is reduced, if required by the co-insurance condition.

### Loss Conditions

1. Under **Duties in The Event Of Loss or Damage**, ISO requires that all reasonable steps be taken to protect covered property from further damage (not just damage from a covered cause of loss.) Advantage language is further damage by a covered cause of loss.
2. ISO complements the Ordinance or Law Exclusion by adding the following language under **Loss Condition – Loss Payment and Valuation and Optional Coverages -Replacement Cost**:

The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

3. Under ISO **Vacancy**, the definition of a vacant building has been added. Separate provisions apply to tenants of a building versus the owner/general lessee of a building. A building is vacant if the unit or suite rented or leased to the tenant does not contain enough business personal property to conduct customary operations. For policies issued to an owner/general lessee of the building, the building is vacant unless **at least 31% of the total square footage** is rented and used to conduct its customary operations and/or used by the building owner to conduct customary operations. ISO also states that buildings under construction or renovation are not considered vacant. Under Advantage, the building is considered vacant if the building doesn't contain the personal property used in the business that is ordinarily conducted there.

Note: Under ISO **Vacancy Provisions**, if the building has been vacant for more than 60 consecutive days before loss or damage occurs, coverage does not apply to loss or damage caused by:

Vandalism

Sprinkler Leakage (unless you have protected the system against freezing)

Building Glass Breakage

Water Damage

Theft or Attempted Theft

With respect to other covered causes of loss, the amount of the loss is reduced by **15%**.

Under Advantage Comprehensive Protection, the same provisions apply as respects the causes of loss Building Glass and Vandalism. The only other limitation to covered causes of loss is freezing, leakage or overflow from plumbing, heating, air conditioning or any other equipment or appliance are excluded if reasonable steps were not taken to maintain heat in the building or water was drained from the system and the water supply was shut-off.

4. Under **Loss Conditions – Valuation** provision in ISO, if the co-insurance clause is met and the cost to repair or replace is \$2,500 or less, replacement cost will apply even if coverage is actual cash value. ISO provides that specific property will be valued on an actual cash value basis even when attached to the building:
  - Awnings or floor coverings, appliances for refrigerating, ventilating, cooking, dishwashing or laundering or outdoor equipment or furniture.
5. Under Advantage, no co-insurance applies to losses under \$10,000.
6. Under **Loss Conditions – Valuation** provision in ISO, glass is valued at the cost of replacement with safety glazing material if required by law.

### **Optional Coverage**

1. Under ISO **Optional Coverage – Inflation Guard**, if Inflation Guard applies, a percentage is selected to establish the annual increase. Under Advantage, Automatic Inflation Adjustment is included for Real Property; optional for Personal Property and the percentage increase is based on the building cost modifier normally used by the company as the method to establish the annual increase.
2. Under ISO **Optional Coverage – Replacement Cost**, if this option is selected, replacement cost does not apply to:
  - Personal property of others – (See Option - Extension of Replacement Cost To Personal Property of Others)
  - Contents of a residence
  - Works of art etc.
  - Stock, unless the Including Stock option is shown in the declarations

Under Advantage, the only limitation is that replacement cost will not apply to fine arts.

### **Causes of Loss- Special Form**

The Advantage exclusions apply to any loss that involves the excluded cause of loss even if other unexcluded causes of loss were also involved. There is an exception for “resulting fire or explosion” for all excluded causes of loss except “war.” In addition, there are exceptions within some excluded causes of loss where certain resulting losses are covered.

ISO separates exclusions into four categories:

- Category 1. There is no coverage for any loss caused by one of the eight excluded causes of loss in this group even if a covered cause of loss contributed with the excluded cause of loss to produce the damage. Unless a specific exception is made within the text of the exclusion, resulting damage from an unexcluded cause of loss is also excluded. ISO further states that these exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.
- Category 2. The cause of loss only is excluded. If an unexcluded cause of loss results in one of these excluded causes of loss, coverage for loss from the unexcluded cause of loss remains. Where resulting loss from certain causes of loss is granted within the exclusion, coverage for resulting loss is limited to these causes of loss.
- Category 3. There is no coverage for loss or damage caused by or resulting from any of the excluded causes of loss in this category. However, if these excluded causes of loss results in a covered cause of loss, we will pay for the loss or damage caused by a covered cause of loss.

Special exclusions applicable to specific Coverage Forms.

In addition, throughout the coverage forms where Advantage covers **resulting loss or damage** for certain causes of loss, the ISO language is clarified to pay for the loss or damage caused by the **covered peril only** for which ensuing loss coverage is provided.

### **Category 1. Exclusions**

#### **Ordinance of Law**

ISO excludes loss or damage caused by the enforcement of any ordinance or law regulating the construction, **use** or repair of any property or requiring the tearing down of any property. Advantage language references construction, repair or demolition only.

ISO adds language to clarify that the exclusion applies with respect to damaged or undamaged property. The exclusion applies whether the ordinance or law is enforced **in the absence of a physical loss** at the insured premises or **following a physical loss** to insured property and applies to **all property** in the event of a physical loss at the insured premises.

#### **Earth Movement**

ISO provides four separate categories under the definition of Earth Movement and expands the language to exclude soil conditions, defined in the form, which cause settling, cracking or other disarrangement of foundations or other parts of realty. ISO covers resulting fire or explosion. Under Volcanic eruption, ISO covers resulting fire, building glass breakage or Volcanic Action. Under Volcanic action coverage, all volcanic eruptions that occur within any 168 hour period will constitute a single occurrence. (Under Advantage, the time period is 72 hour period.)

#### **Utility Services**

ISO language is essentially the same, except ISO clarifies that failure includes lack of sufficient capacity and reduction in supply. ISO also clarifies that if the failure results in a covered cause of loss, coverage only applies to the loss or damage caused by that covered cause of loss. Note: Unlike Advantage, a more restrictive exclusion applies to Business Income/Extra Expense.

#### **Water**

ISO language clarifies the Flood exclusion to include tides and overflow of any body of water. Also, mudslide and mudflow are added to the ISO Flood exclusion. Mudslide is excluded in the Advantage Earthquake Exclusion. Further the following Exclusions, not in Advantage, are added:

- a) water that backs up or overflows from a sewer, drain or sump and

- b) water under the ground surface pressing on, or flowing or seeping through:
  - 1. Foundations, walls, floors or paved surfaces
  - 2. Basements, whether paved or not and
  - 3. Doors, windows or other openings

ISO covers loss or damage caused by resultant fire, explosion or sprinkler leakage.

## **Category 2 Exclusions**

### **Artificially generated current**

ISO language is the same as Advantage, except Advantage covers resulting fire and explosion; ISO covers resulting fire.

### **Smoke from industrial operations**

This exclusion is not in Advantage.

### **Wear and tear**

#### **Rust or other corrosion, decay, deterioration**

Advantage covers resulting damage from vehicles or aircraft, sprinkler leakage, water damage, freezing, collapse of a building or falling objects in addition to resulting fire or explosion.

ISO covers resulting damage from specified causes of loss or building glass breakage. Specified causes of loss are defined as: Fire; lightning; explosion, wind or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage. Sinkhole collapse and water damage are defined and limitations apply to falling objects.

### **Hidden or latent defects**

Advantage covers resulting fire or explosion.

ISO covers resulting damage from specified causes of loss or building glass breakage. Specified causes of loss are defined as: Fire; lightning; explosion, wind or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage. Sinkhole collapse and water damage are defined and limitations apply to falling objects.

### **Smog**

This exclusion is not in Advantage.

### **Settling, cracking, shrinking or expansion**

This exclusion is in Advantage: however, Advantage only covers resulting fire or explosion. ISO covers resulting specified causes of loss and building glass breakage.

### **Nesting or infestation**

Advantage excludes loss or damage caused by animals but covers resulting fire or explosion. ISO excludes nesting or infestation, or discharge or release of waste products or secretions only. This language is less restrictive than Advantage.

### **Mechanical Breakdown**

Advantage excludes Mechanical Breakdown but covers resulting fire or explosion. ISO excludes Mechanical Breakdown, including rupture or bursting caused by centrifugal force. ISO covers resulting elevator collision, specified causes of loss and building glass breakage.

## **Personal property causes of loss exclusions:**

- a) **Dampness or dryness of atmosphere**
- b) **Changes in or extremes of temperature; or**
- c) **Marring or scratching.**

Advantage excludes change of temperature and humidity unless the loss or damage to covered property caused by a change in temperature or humidity results from physical damage to a building or equipment at a covered location.

As respects marring or scratching, Advantage covers resulting damage from vehicles or aircraft, sprinkler leakage, water damage, freezing, collapse of a building or falling objects in addition to resulting fire or explosion.

ISO covers resulting damage from specified causes of loss or building glass for the three excluded causes of loss.

## **Discharge caused by freezing**

Under ISO water and other liquids that leak from plumbing, heating etc. caused by or resulting from freezing is excluded unless heat is maintained or you drain the equipment and shut off the supply if heat is not maintained.

Under Advantage this exclusion applies only in a vacant or unoccupied building. Advantage does, however, exclude damage to plumbing systems located underground outside the perimeter of building walls or off the premises that results from freezing under any condition.

## **Employee Dishonesty**

ISO language is essentially the same as Advantage.

Under the Employee Dishonesty Exclusion, ISO excludes dishonest or criminal acts. ISO allows an exception for acts of destruction by your employees, excluding theft.

Advantage excludes dishonest acts or omissions. (Therefore, theft by an employee would be excluded; vandalism would be covered.)

## **Voluntary parting with property**

ISO excludes voluntary parting of any property if induced to do so by any fraudulent scheme, trick device or false pretense. This language is not in Advantage.

## **Precipitation damage to personal property outdoors**

ISO excludes rain, snow, ice or sleet to personal property in the open. This language is not in Advantage.

## **Collapse (except as provided under the collapse additional coverage)**

ISO excludes Collapse, except as provided in Additional Coverage for Collapse. But if Collapse results in a Covered Cause of Loss at the described premises, coverage will apply to loss or damage caused by that Covered Cause of Loss.

This exclusion is not in Advantage.

## **Release of pollutants**

- ISO excludes loss or damage caused by the discharge, dispersal, seepage, migration, release or escape of pollutants. Under Advantage, the description is presence, release, discharge or dispersal.
- The definition of pollutants under ISO includes smoke and soot.
- Under ISO, damage by pollutants is covered only if the release is caused by one of the specified causes of loss. Advantage contains similar language; however, the causes of loss differ. ISO covers additional causes of loss namely: falling objects, weight of snow, ice or sleet and water damage. Advantage covers sonic boom while ISO does not. Coverage is also different to the extent the causes of loss have different definitions.
- In addition, under ISO even if the damage by pollutants is not caused by a specified cause of loss and is therefore not covered, resulting damage from one of the specified causes of loss is covered. Advantage covers resulting loss but for fire and explosion only. ISO covers additional causes of loss namely: lightning, windstorm or hail,

smoke, aircraft or vehicles, riot or civil commotion, vandalism, leakage from fire extinguishing equipment, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet and water damage.

The Advantage Comprehensive Protection provides a separate exclusion for Asbestos.

### **Category 3 Exclusions**

#### **Weather Conditions**

ISO explicitly excludes weather conditions but only if weather conditions contribute in any way with a cause or event excluded in the “concurrent causation” Group 1 Exclusions to produce the loss or damage. However, resulting loss or damage from any otherwise unexcluded cause of loss is covered.

There is no such language in Advantage although concurrent causation language is applicable to all exclusions.

#### **Acts or decisions**

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

There is no such language in Advantage although concurrent causation language is applicable to all exclusions.

#### **Faulty, inadequate or defective**

Advantage excludes faulty design, workmanship and material including the cost of correcting any faulty design, workmanship, material, manufacture or installation, alteration, repair or work but covers resulting loss or damage if it occurs in connection with a cause of loss not otherwise excluded.

ISO expands this definition to also exclude:

- 1) Planning, zoning, development surveying, siting;
- 2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- 3) Materials used in repair, construction, renovation or remodeling or
- 4) Maintenance

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

### **Special Exclusions**

ISO provisions applicable only to specified Coverage Forms:

#### **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM EXTRA EXPENSE COVERAGE FORM**

ISO specifically excludes the following causes of loss:

1. Loss caused directly or indirectly by the failure of power or other utility service however caused if the failure occurs **outside** of a covered building. But if the failure of power or other utility service results in a covered cause of loss, coverage applies to the resulting loss. (With the reference to outside of a covered building, there is no coverage for business income or extra expense loss resulting from damage to transmission lines even if the damaged transmission lines are on the insured’s premises.) ISO further defines failure to include lack of sufficient capacity and reduction in supply.

Advantage excludes Utility Service under direct damage but does not contain the more restrictive exclusion for Business Income or Extra Expense.

2. Loss caused by or resulting from damage or destruction of finished stock or the time required to reproduce finished stock. This exclusion does not apply to Extra Expense. This language does not appear in Advantage.
3. Loss caused by or resulting from direct physical damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers. This language does not appear in Advantage.

4. (b) Under Suspension, lapse or cancellation of any license, lease or contract, ISO clarifies that if the suspension, lapse or cancellation is directly caused by the suspension of operations, coverage will apply to such loss that affects your business income during the period of restoration.
5. ISO excludes any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the period of restoration. Advantage excludes loss of income and extra expense that results from the expiration, suspension or cancellation of any contract, lease or order.

### Limitations

Under ISO the following Limitations apply to **all policy forms** and endorsements, unless otherwise noted:

- ISO excludes loss or damage to the interior of any building or structure or to personal property in the building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not unless:
  1. The building first sustains damages by a covered cause of loss to roof or walls through which the rain, snow, sleet, ice, sand or dust enters or
  2. The loss or damage is caused by or results from thawing of snow, sleet or ice on the building.

This exclusion is not in Advantage.

- ISO excludes loss or damage to building materials and supplies not attached as part of the building caused by or resulting from **theft**. This limitation does not apply to:
  1. Building materials and supplies held for sale by you unless they are insured under the Builders Risk Coverage Form or
  2. Business Income or Extra Expense Coverage.

This exclusion is not in Advantage.

- ISO excludes loss or damage to property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

This exclusion is not in Advantage.

- ISO limits coverage to loss or damage for certain types of property to specified causes of loss or building glass breakage:
  - a) Animals, and then only if they are killed or their destruction is made necessary.
  - b) Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    1. Glass; or
    2. Containers of property held for sale.
  - c) Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

This Limitation does not apply to Business Income or Extra Expense Coverage.

This exclusion is not in Advantage.

- ISO provides a sub-limit for certain types of property if the loss or damage is the result of any one occurrence of **theft**. The sub-limit represents the **total limit** for all property in that category in any one occurrence of theft regardless of the types or number of articles are lost or damaged:
  - a) \$2,500 for furs, fur garments and garments trimmed with fur.
  - b) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. Not applicable to jewelry and watches worth \$100 or less per item.

- c) \$2,500 for patterns, dies, molds and forms.
- d) \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

This Limitation does not apply to Business Income or Extra Expense.

These limitations do not apply in Advantage.

- ISO excludes the cost to repair any defect to a system or appliance from which water or other liquid escapes. There is an exception for the cost to repair or replace damaged parts of fire extinguishing equipment if the damage results in discharge of any substance from an automatic fire protection system or is directly caused by freezing. (Not applicable to Business Income or Extra Expense.)

This limitation is not in Advantage.

- Under Comprehensive Protection in Advantage, building glass coverage is limited for certain causes of loss, notably theft, to \$100 per plate; \$500 per occurrence. Under Advantage, Building Glass Coverage does not apply to Exterior Signs.

These restrictions are not in ISO.

## **Additional Coverage**

### **Collapse**

ISO has introduced special provisions applicable to Buildings (or any part of a building), Outdoor Property and Personal Property as respects collapse.

- Due to various interpretations of the term collapse, there is now a specific definition as respect buildings (or any part of a building.) Except with respect to collapse from one of the form's covered causes of loss, coverage for collapse of a building or part of a building applies only to loss from a sudden falling down or caving in of the structure. A building in danger of falling down is not considered to have collapsed.
- Coverage for loss from the collapse of a building, a part of a building, or personal property in a building applies only if the collapse was the result of one of the specified caused of loss or one of the following:
  1. building glass breakage
  2. weight of people or personal property
  3. weight of rain on a roof
  4. hidden decay, insect or vermin damage of which the insured had no knowledge of prior to the collapse or
  5. faulty materials or workmanship during construction or renovation.
- Coverage for certain type of covered outdoor property, including retaining walls, walks, roadways etc. applies if the collapse is caused by one of the covered causes of loss listed above and such loss or damage is the direct result of collapse.
- If personal property abruptly falls down or caves in (not the result of a collapse of a building), coverage will apply if the collapse was caused by a covered cause of loss listed above and the personal property is inside a building. Coverage does not apply if marring and/or scratching is the only damage to that personal property caused by the collapse.

Advantage does not specifically address collapse as noted above.

## **Additional Coverage Extensions**

### **Property in Transit**

As noted in the comments under the Property Off Premises Extension, the ISO coverage for Property in Transit for a limit of \$5,000 is less coverage than that provided in Advantage:

Under ISO:

- Coverage only applies if the property is in or on a motor vehicle you own, lease or operate.
- Coverage does not apply to property in the care, custody or control of your salespersons.
- Coverage does not apply while airborne or waterborne.
- Limited causes of loss apply.
- Specific requirements apply to theft coverage e.g., there must be theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- Unlike Advantage, Earthquake and Flood are not covered

### **Water Damage etc.**

ISO specifically states that for a covered water loss e.g., damage from leakage of a substance from a broken or cracked system or appliance, occurring over a period of less than 14 days, coverage will apply to the cost to tear out and replace any part of the building or structure (even if undamaged) to repair damage to the system or appliance from which the water or other substance escapes. Advantage does not specifically address this type of expense associated with repair or replacement.

### **Glass**

ISO specifically states that coverage applies for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed. There is also coverage for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building but does not include removing or replacing window displays. Advantage does not specifically address this type of expense associated with repair or replacement.

### **Definitions**

ISO further defines some causes of loss included in Specified Causes of Loss. Other than sinkhole collapse, these causes of loss are not specifically defined in Advantage:

#### a) Sinkhole Collapse

Under the cause of loss Sinkhole Collapse, ISO excludes under the definition sinkhole or collapse into **man-made underground cavities**. No comparable exclusionary language in Advantage.

#### b) Falling Objects

Under the cause of loss Falling Objects, ISO excludes loss or damage to personal property in the open or the interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object. (There is no specific definition of falling objects in Advantage.)

#### c) Water Damage

Under the cause of loss Water Damage, ISO defines water damage as the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains steam or water. (There is no specific definition of water damage in Advantage.)

### **Business Income/Extra Expense Coverage Forms**

#### **Coverage – Business Income**

Under ISO **Business Income**, the type of income to be covered is selected e.g., Business Income including Rental Value; Business Income other than Rental Value and Rental Value. Depending on the type of income, different provisions, definitions apply. This approach provides more flexibility in selecting coverage options by type of income.

Like Advantage, ISO language does not require that the direct damage and the loss of income be incurred at the same location.

ISO adds language specific to insureds who only occupy a portion of the site at which the described premises are located. Described premises means the portion of the building which you rent, lease or occupy and any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to the described premises.

### **Coverage – Extra Expense**

When insuring Extra Expense under the Business Income (And Extra Expense) Coverage Form, Extra Expense may only be provided at locations where Business Income also applies. Under the combined form, there is no separate limit for Extra Expense and a monthly limitation does not apply.

Advantage Coverage D. **Extra Expense** is covered up to a limit of \$10,000. There is no comparable extension under ISO.

### **Additional Limitations**

#### **Interruption Of Computer Operations**

1. Coverage for suspension of operations (Business Income) or expense for action taken to avoid or minimize a suspension (Extra Expense) is excluded if caused by destruction or corruption of electronic data or any loss or damage to electronic data except as provided under Additional Coverages – Interruption Of Computer Operations.

### **Additional Coverage**

#### **Civil Authority**

Under **Prohibited Access by Civil Authority**, ISO provides coverage for 3 consecutive weeks, subject to a 72 hour deductible. (The 72 hour Deductible does not apply to Extra Expense) Under Advantage, coverage is provided for 2 weeks, subject to the location deductible.

#### **Extended Business Income**

Under **Extended Business Income**, ISO specifically states that Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the loss in the area where the described premises are located. Language is added to describe when coverage begins and ends specific to Rental Value income.

#### **Interruption of Computer Operations**

Under Additional Coverage – Interruption Of Computer Operations, coverage is provided for business income loss and/or extra expense (depending on the Coverage Form on the policy) arising from a business interruption caused by destruction or corruption of electronic data subject to a limit of \$2,500 for all loss sustained in one policy year. Coverage is limited to specified causes of loss, including limited coverage for computer virus.

#### **Coverage Extensions**

Under ISO **Coverage Extensions**, if 50% or more coinsurance applies, coverage under Business Income and/or Extra Expense (depending on the Coverage Form on the policy) is extended to apply to property at any location you acquire other than fairs or exhibitions. An additional amount of insurance of \$100,000 at each location applies for 30 days. There is no comparable extension in Advantage.

#### **Loss Determination**

Under **Loss Determination – Business Income**, ISO specifically states that Net Income does not include any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the loss on customers or on other businesses.

#### **Additional Condition – Coinsurance**

Under ISO **Additional Condition - Coinsurance**, there is a co-insurance provision under Business Income Coverage, unless one of the Business Income options is selected. There is no coinsurance penalty calculated at the time of the loss under Advantage.

Under **Additional Condition – Coinsurance**, ISO specifically identifies which operating expenses will be deducted from the total of all operating expenses for the purpose of applying the coinsurance condition under Business Income.

#### **Optional Coverage**

Under ISO **Business Income Option -Agreed Value**, to activate this option a Business Income Report/Work Sheet must be submitted to the company.

#### **Definitions**

**Period of Restoration** A 72 hour deductible applies specific to Business Income. Suspension is defined as the **slowdown** or cessation of your business activities. (This language clarifies that a complete shutdown is not required for coverage to apply.) Under Advantage, there is an occurrence deductible applicable to Real Property, Personal Property, Loss of Income and Extra Expense. Under Advantage, Loss of Income applies if your operations are interrupted.

#### **Commercial Property Conditions/Common Policy Conditions**

##### **Cancellation**

Under the cancellation conditions in the basic policy, if the insured cancels, under Advantage the cancellation is pro-rata. Under ISO the cancellation may be less than pro-rata. The cancellation notice requirement under Advantage for cancellations for other than non-pay is 45 days. Under ISO, the notice requirement is 30 days.

# FILING MEMORANDUM

## Background

In two companion Commercial Multi-peril filings (08-CML-2007546 & 08-CML-2007672) we are proposing to withdraw our existing Advantage Commercial Package Program and simultaneously adopt the Insurance Services Office, Inc.'s (ISO) Portfolio Program.

## Forms

The purpose of this filing is to adopt the Insurance Services Office, Inc.'s Division Five – Fire and Allied Lines forms that ISO has filed on our behalf in place of our existing Advantage Commercial Package Product forms. To assist you with your review we are providing a comparison of the Advantage Commercial Property Form with the ISO Building and Personal Property Form as well as the more detailed Policyholder Notice that will be provided to our existing policyholders.

In addition, we are introducing the following supplementary independent property forms which contain commonly requested extensions of coverage:

- ✦ Special Extensions of Coverage, **FA-23072**, which will be attached to all policies unless a specific program Special Extensions of Coverage form applies. A flat charge of \$50 applies per policy.
- ✦ Recycling Special Extensions of Property Coverage, **FA-23074**, which will be attached to all recycling program policies. A flat charge of \$500 applies per policy.
- ✦ Public Entity Special Extensions of Property Coverage, **FA-23076**, which will be attached to all public entity program policies. A flat charge of \$150 applies per policy.
- ✦ Life Sciences Extensions of Property Coverage, **FA-23317**, an optional endorsement that may be used with Life Science policies. A flat charge applies per policy depending on the number of locations.
- ✦ Long Term Care Property Extensions of Property Coverage, **FA-23318**, an optional endorsement that may be used with Long Term Care policies. A flat charge applies per policy depending on the number of locations.
- ✦ Research & Development Expenditures Special Extensions of Coverage, **FA-23320**, which will be attached all policies issued to insureds with research and development exposures. There is no charge associated with the use of this endorsement.
- ✦ Small Business Preferred Extensions of Property Coverage, **FA-23321**, an optional endorsement that may be used Medical Risk policies other than for Life Sciences or Long Term Care. A flat charge of \$150 applies per policy.
- ✦ Business Income and Extra Expense Actual Loss Sustained, **FA-23314**, an optional endorsement used to provide coverage for Business Income and Extra Expense on Small Business policies. Please see the manual rule page for rating details.
- ✦ Contamination Endorsement, **FA-23316**, an optional endorsement that may be used to provide coverage for radioactive contamination from accidental release or escape during the policy period up to a limit of \$250,000. Please see the manual rule page for rating details.

We are also introducing the following optional forms, which will be available for all property insureds:

- ✚ Equipment Breakdown Coverage Endorsement, **FA-7Y32**, an endorsement that provides coverage for the breakdown of equipment and related exposures to loss for covered equipment.
- ✚ Equipment Breakdown Coverage Endorsement Schedule, **FA-8Y96**, which shows the applicable limits for each coverage, special deductibles and other conditions of coverage, if any, when Equipment Breakdown Coverage is purchased.

Equivalent versions of each of these forms are currently on file for our Advantage Commercial Package Program. However, due to the differences that exist between the structure, included coverage, and nomenclature of the Advantage Commercial Property Coverage Form and the ISO Building and Personal Property Coverage Form it was necessary for us to revise each form to the extent that it references and modifies the relevant sections of the ISO Building and Personal Property Coverage Form to maintain, as much as possible, the existing coverage provided to our customers. The accompanying form usage rules are included in the rate portion of this filing.

### **Loss Costs and Rules**

The Advantage Commercial Package Program utilizes ISO Division Five – Fire & Allied Lines loss costs, rules and rating plans with company exceptions to certain ISO rules, most notably all other perils rating rules, time element rating factors, deductible factors, and schedule rating. In converting to ISO we will now utilize the ISO Division Five rules and loss costs without exception. Please note that the state reference loss costs shown on the Reference Loss Cost Adoption form are those effective as of the date of this filing. However, it is our intent to apply the LCM and Loss Adjustment Factor's contained in this filing to all revisions to ISO's prospective loss costs for this line of insurance that are filed on our behalf with effective dates subsequent to the date of this filing without deviation.

Currently our Loss Cost Multiplier's (LCM) are structured to provide three rate levels with some companies at a standard or manual rate level and others with either a + or – 25% rate deviation. We are now proposing a single LCM that will be utilized by all companies.

The withdrawal of the Advantage exceptions to the ISO Division Five rating rules and the change in the structure of our LCM has a significant impact on the Property rating algorithm. To mitigate this premium impact to our customers, we are introducing a Loss Adjustment Factor (LAF) in the rating algorithm. The rate effect of converting to the ISO rating algorithm and of revising the LCM's was estimated for each coverage and industry group. The LAF factor was calculated to offset this rate impact, and achieve overall revenue neutrality by coverage for each industry group.

Please see the attached actuarial exhibits in support of this change:

#### **Rate Effect Exhibit**

- Estimated annual premium
- Proposed LAF's
- Current and Proposed LCM's

#### **Rate Level Indication Package**

- Property experience review
- GL experience review

#### **Profit Provision Support**

- Property IEE data and Profit Provision calculations

- GL IEE data and Profit Provision calculations

### LAF Definitions

The SIC codes associated with each LAF are as follows:

#### **Amusements**

##### Amusement Parks

7996 Amusement Parks

#### **Communications**

##### Communication Services, Not Elsewhere Classified

4899 Communications Services, nec

##### Motion Picture Production and Allied Services

7812 Motion Picture and Video Tape Production

#### **Fairs**

##### Miscellaneous Amusement and Recreation Services

7999 Amusement and recreation services, nec. Limited to Fairs and Festivals.

### **Supplemental Rules**

We are introducing the enclosed the manual rules for the Extensions of Coverage forms contained in the form portion of this filing. Supporting data has been provided for the charges associated with each of those forms.

Finally, we are introducing the enclosed manual rules for the Equipment Breakdown Coverage that will be utilized to rate this coverage for our Program business. The rating structure developed for the optional Equipment Breakdown coverage develops the premium charge based on the modified property premium for each Program other than Recyclers and Waste Haulers, which will be rated on Total Insured Values (TIV) instead. The relationship of premium charge to modified property premium or TIV was determined in conjunction with Travelers, who reinsures our Equipment Breakdown exposures 100%.

Travelers first examined our in-force book of property accounts with this coverage and evaluated it alongside a common Equipment Breakdown rating plan. Travelers used Equipment Breakdown loss content information based on ISO's 2005 loss costs and used expense assumptions to determine possible Equipment Breakdown premiums.

As previously mentioned, Equipment Breakdown Coverage is a modification to the coverage provided under the Building and Personal Property Coverage Form. Because Commercial Property and Equipment Breakdown are rated considering the same exposure bases (property and business income total values) and because the rating for both is determined at the location level, we believe it is logical to set the Equipment Breakdown additional premium charge in relation to the modified property premium charge. Therefore, Travelers used a typical commercial property premium distribution to analyze the relationship of Equipment Breakdown

premium to the Commercial Property premium within each account-size group. These rates are identical to the rates Travelers is charging us for reinsurance coverage.