

<i>SERFF Tracking Number:</i>	<i>QBEC-125626574</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Praetorian Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>08-111-002-ML-AR</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>ARA - Commercial Property Form Filing</i>		
<i>Project Name/Number:</i>	<i>/</i>		

Filing at a Glance

Company: Praetorian Insurance Company	SERFF Tr Num: QBEC-125626574	State: Arkansas
Product Name: ARA - Commercial Property Form Filing		
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: 08-111-002-ML-AR	State Status: Fees verified and received
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
	Author: Janet Kiger	Disposition Date: 05/02/2008
	Date Submitted: 04/28/2008	Disposition Status: Approved
Effective Date Requested (New): On Approval		Effective Date (New): 05/02/2008
Effective Date Requested (Renewal): On Approval		Effective Date (Renewal): 05/02/2008

State Filing Description:

General Information

Project Name:	Status of Filing in Domicile: Pending
Project Number:	Domicile Status Comments: Pending approval in all 50 states.
Reference Organization: N/A	Reference Number: N/A
Reference Title: N/A	Advisory Org. Circular: N/A
Filing Status Changed: 05/02/2008	
State Status Changed: 05/01/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	
RE: Praetorian Insurance Company - NAIC: 0796-37257 FEIN: 36-3030511	
American Rental Association – Multi Line - Equipment Dealers Program	
Commercial Property	
Form Filing	

SERFF Tracking Number: QBEC-125626574 State: Arkansas
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TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: ARA - Commercial Property Form Filing
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Praetorian Insurance Company wishes to submit for your review and approval our American Rental Association – Equipment Dealers – Commercial Property Form Filing.

Enclosed are the following:

- State Transmittals (if applicable)
- Filing Fee (if applicable)
- Form Filing Memorandum
- Previously Approved Forms
- ARA 1001 0807 – Building and Personal Property Coverage Endorsement (Final Printed Form)
- ARA 1002 0807 – Causes of Loss – Special Form Endorsement

Our proposed effective date is the Date of Approval.

Company and Contact

Filing Contact Information

Janet Kiger, Assistant Vice President
1200 Landmark Center
Omaha, NE 68102

janet.kiger@qbeamericas.com
(402) 345-1818 [Phone]
(402) 345-4401[FAX]

Filing Company Information

Praetorian Insurance Company
88 Pine Street - 16th Floor
New York , NY 10005

CoCode: 37257
Group Code: 796
Group Name: QBE Insurance
Group

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

(212) 422-9888 ext. [Phone]

FEIN Number: 36-3030511

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Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation: AR Filing Fee = \$50
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Praetorian Insurance Company	\$50.00	04/28/2008	19945692

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	05/02/2008	05/02/2008

SERFF Tracking Number: QBEC-125626574 *State:* Arkansas
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Project Name/Number: /

Disposition

Disposition Date: 05/02/2008

Effective Date (New): 05/02/2008

Effective Date (Renewal): 05/02/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Arkansas Certificate of Compliance	Approved	Yes
Supporting Document	Form Filing Memos	Approved	Yes
Supporting Document	Previously Approved Forms	Approved	Yes
Form	Building and Personal Property Coverage Endorsement	Approved	Yes
Form	Cause of Loss - Special Form Endorsement	Approved	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Building and Personal Property Coverage Endorsement	ARA 10 01	08 07	Endorsement/Amendment/Conditions	Replaced Form #:50.60 ARA 0010 (01/02) and ARA 0012 (01/02) Previous Filing #: Initial Form Filing		ARA 10 01 08 07 Building & Personal Property Coverage End.pdf
Approved	Cause of Loss - Special Form Endorsement	ARA 10 02	08 07	Endorsement/Amendment/Conditions	Replaced Form #:51.90 ARA 0011 (01/02) Previous Filing #: Initial Form Filing		ARA 10 02 08 07 Causes of Loss - Special Form End.pdf

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMERICAN RENTAL ASSOCIATION BUILDING AND PERSONAL PROPERTY COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

- A.** Section **A.1.a.(5)(b)** is amended to provide coverage for materials, equipment, supplies, and temporary structures, on or within **500** feet of the described premises.
- B.** Section **A.1.b., Your Business Personal Property** is deleted and replaced as follows:
- b. Business Personal Property** located in or on the buildings described in the Declarations or in the open (or in a vehicle) within 500 feet of the described premises, consisting of the following:
- (1)** Furniture and fixtures;
 - (2)** Machinery and equipment not held for sale or rental;
 - (3)** Employee tools and equipment used in your business;
 - (4)** All other personal property owned by you and used in your business;
 - (5)** Labor, materials, or services furnished or arranged by you on personal property of others;
 - (6)** Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations, or additions:
 - (a)** Made a part of the building or structure you occupy but do not own; and
 - (b)** You acquired or made at your expense but cannot legally remove;
 - (7)** Leased personal property which you have a contractual responsibility to insure; and
 - (8)** Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.
- C.** Section **A.1.c., Personal Property of Others**, is deleted.
- D.** Section **A.2., Property Not Covered**, is deleted and replaced as follows:
- 2. Property Not Covered**
- Covered Property does not include:
- a.** Accounts, bills, food stamps, notes, or other evidences of debt. Refer to the Coverage Extensions for Accounts Receivable for limited accounts receivable coverage;
 - b.** Currency, money or securities except as provided in Additional Coverages – Employee Theft, Forgery or Alteration, or Money & Securities;
 - c.** Animals;
 - d.** Bridges, roadways, walks, patios, or other paved surfaces;
 - e.** Contraband or property in the course of illegal transportation or trade;
 - f.** The cost of excavations, grading, backfilling, or filling;
 - g.** Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1)** The lowest basement floor; or
 - (2)** The surface of the ground, if there is no basement;
 - h.** Land (including land on which the property is located), water, growing crops or lawns;
 - i.** Personal property while airborne or waterborne;
 - j.** Bulkheads, pilings, piers, wharves, or docks;

- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under Additional Coverages – Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) , on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This Paragraph n., does not apply to your "stock" of prepackaged software.
- o. The cost to replace or restore the information on valuable papers and records; including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers and Records (Other than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data.
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.
 This paragraph does not apply to:
 - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
 - (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-Owned Detached Trailers.
- q. The following property while outside of buildings:
 - (1) Grain, hay, straw or other crops;
 - (2) Trees, shrubs or plants except as provided under Additional Coverages – Outdoor Property.

E. Arson Reward, Employee Theft, Forgery or Alteration, Inventories and Appraisals, Money & Securities, Ordinance or Law, and Recharge of Fire Protection Equipment are added to section A.4., Additional Coverages.

g. Arson Reward

- (1) We will pay up to \$10,000 for information that leads to an arson conviction for a covered fire loss.
- (2) The amount we will pay is not increased by the number of persons providing information.

h. Employee Theft

- (1) We will pay up to \$10,000 for direct loss of or damage to "money", "securities", and "other property" resulting from "theft" committed by an "employee", whether acting alone or in collusion with other persons.
- (2) We will not pay for loss:
 - (a) Resulting from "theft" or any other dishonest act committed by you or any of your partners or "members" whether acting alone or in collusion with other persons.
 - (b) Resulting from "theft" or any other dishonest act committed by any of your "employees", "managers" or directors:
 - (i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.
except as provided in paragraph **A.4.h.(1)**,

(c) The only proof of which as to its existence or amount is:

- (i) An inventory computation; or
- (ii) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

(d) Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.

(e) Loss resulting from trading, whether in your name or in a genuine or fictitious account.

(3) All loss or damage:

- (a)** Caused by one or more persons; or
 - (b)** Involving a single act or series of acts;
- is considered one occurrence.

i. Forgery or Alteration

(1) We will pay up to \$10,000 for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- (a)** Made or drawn by or drawn upon you; or
 - (b)** Made or drawn by one acting as your agent;
- or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **A.4.i.(1)**, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Additional Coverage

j. Inventories and Appraisals

We will pay up to \$25,000 for the cost of any inventory or appraisal that we require when the loss or damage occurs to insured property

k. Money & Securities

(1) We will pay up to \$10,000 for loss of "money" and "securities" at your described premises, while at a bank or savings institution, within your living quarters or the living quarters of your partners or any "employee" having use and custody of the property, or in transit between any of these places resulting directly from:

- (a)** "Theft";
- (b)** Disappearance; or
- (c)** Destruction

(2) We will not pay for loss:

- (a)** Resulting from accounting or arithmetical errors or omissions;
- (b)** Resulting from the giving or surrendering of property in any exchange or purchase
- (c)** Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

- (d) Loss resulting from you, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with any property.

I. Ordinance or Law

(1) Coverage for Loss to the Undamaged Portion of the Building

- (a) If a Covered Cause of Loss occurs to covered Building property, we will pay for the loss to the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:
 - (i) requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
 - (ii) regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - (iii) is in force at the time of loss.
- (b) When this Coverage applies, loss to the building, including loss to the undamaged portion of the building due to enforcement of an ordinance or law, will be determined as follows:
 - (i) If the Replacement Cost Coverage Option applies and the property is repaired or replaced, on the same or other premises, we will pay the lesser of:
 - (aa) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (bb) The Limit of Insurance shown in the Declarations as applicable to the covered Building Property.
 - (ii) If the Replacement Cost Coverage Option applies and the property is not replaced, or if the Replacement Cost Coverage Option does not apply, we will pay the lesser of:
 - (aa) The actual cash value of the building at the time of loss; or
 - (bb) The Limit of Insurance shown in the Declarations as applicable to the covered Building property.
- (c) Coverage for Loss to the Undamaged Portion of the Building is included within the Limits of Insurance shown in the Declarations as applicable to the covered Building property. This coverage does not increase the Limit of Insurance.

(2) Demolition Cost Coverage

- (a) If a Covered Cause of Loss occurs to covered Building property, we will pay up to \$100,000 to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.
- (b) We will not pay more under Demolition Cost Coverage than the amount you actually spend to demolish and clear the site of the described premises.

p. Recharge of Fire Protection Equipment

- (1) We will pay up to \$25,000 to cover your incurred expenses to recharge automatic fire protection equipment when the equipment is discharged:
 - (a) To fight a fire;
 - (b) As a result of a covered peril; or
 - (c) By accidental discharge.

But we will not cover any discharge that occurs at the time of installation, repair, testing or recharging of the fire protection equipment

F. The additional Debris Removal Limit in section **A.4.a.(4)** is amended from \$10,000 to \$25,000.

- G. The Pollutant Clean Up and Removal Limit in section **A.4.d.** is amended from \$10,000 to \$25,000.
- H. The additional Electronic Data limit in section **A.4.f.(4)** is amended from \$2,500 to \$5,000.
- I. **Accounts Receivable, Computer Coverage, Fine Arts, and Property in Transit** are added to section **A.5., Coverage Extensions.**

g. Accounts Receivable

- (1) We will pay for:
 - (a) All amounts due from your customers that you are unable to collect;
 - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
 - (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable; that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.
- (2) Under this extension, the most we will pay for loss or damage to your records of accounts receivable in any one occurrence at the described premises is \$100,000.

h. Computer Coverage

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss to:
 - (a) "Computer" Equipment,
 - (b) "Data", and
 - (c) "Media".
- (2) We will also pay the cost to refill Automatic Extinguishing Systems used exclusively to protect property covered under this Extension. We will pay whether the discharge occurs as intended to control a fire or by accident, but we will not cover any discharge that occurs at the time of installation, repair, testing or recharging of the extinguishing system.
- (3) We will pay for Extra Expense you incur in order to continue as nearly as practicable the normal operation of your business following a covered loss to covered "Computer" Equipment, "Data" or "Media," provided that this coverage is limited to loss occurring at only those locations where coverage for Computer Coverage is otherwise afforded under the terms of this policy. Coverage for such Extra Expense shall be limited for any one occurrence at such covered location to \$5,000.
- (4) The following Exclusions in the Causes of Loss Form do not apply to coverage provided by the Computer Coverage Extension:
 - (a) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and
 - (b) All **B.2.** Exclusions except **b.**, Delay, loss of use or loss of market; **d.(1)**, Wear and tear; **e.** Explosion of Steam Apparatus; **h.**, Employee Dishonesty; **i.**, False Pretense; **k.**, Collapse; and **l.**, pollution.
- (5) The following additional Exclusions apply to this Extension:

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

 - (a) Error or omission in "computer" equipment programming or instructions.
 - (b) Electrical or magnetic injury to, or disturbance or erasure of "media" or "data". This exclusion does not apply to direct physical loss to Covered Property caused by or resulting from lightning.
 - (c) Deterioration, depreciation or obsolescence.

- (6) "Data" will be valued at the cost of reproducing or replacing it. If you don't replace or reproduce the "data", we won't pay more than the cost of replacing the lost or damaged "media" with blank "media".
- (7) The most we will pay under this Extension at each covered location is \$50,000 or the Business Personal Property Limit, whichever is less. The coverage provided under this Coverage Extension does not increase the Limit of Insurance provided under this Coverage Part.

i. Fine Arts

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to Fine Arts.
- (2) Fine Arts means paintings, statuary, manuscripts, tapestries, rare books, pictures, antique furniture, art glass windows, valuable rugs, rare glass, and similar property of rarity, artistic merit, or historical value.
- (3) Fine Arts are valued at market value at the time of loss. In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.
- (4) The most we will pay under this Extension at each covered location is \$25,000 or the Business Personal Property limit, whichever is less. The coverage provided under this Coverage Extension does not increase the Limit of Insurance provided under this Coverage Part.

J. The Newly Acquired Building limit in section **A.5.a.(1)** is amended from \$250,000 to \$1,000,000.

K. The Newly Acquired Business Personal Property limit in section **A.5.a.(2)(a)** is amended from \$100,000 to \$500,000.

L. The Period of Coverage for the Newly Acquired or Constructed Property in section **A.5.a.(3)(b)** is amended from 30 days to 90 days.

M. The Valuable Papers and Record limit in section **A.5.c.(4)** is amended from \$2,500 to \$100,000.

N. The Property Off Premises limit in section **A.5.d.(3)** is amended from \$10,000 to \$25,000.

O. The Outdoor Property limit in section **A.5.e.** is amended from \$1,000 to \$25,000.

P. Section **A.5.f., Non-Owned Detached Trailers**, is deleted.

Q. Section **C.**, is deleted and replaced as follows:

Limits of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The limits applicable to the Additional Coverages (except for Preservation of Property and Loss to Undamaged Portions of Building) are in addition to the Limits of Insurance. Payments under the Preservation of Property Additional Coverage and Loss to Undamaged Portions of Buildings Additional Coverage will not increase the applicable Limit of Insurance.

R. Section **F.1., Coinsurance**, is deleted.

S. Section **G.1., Agreed Value**, is deleted.

T. Section **G.4., Extension of Replacement Cost to Personal Property of Others**, is deleted.

U. The following definitions are added to section **H., Definitions**:

4. "Computer" means:

- a.** Programmable electronic equipment that is used to store, retrieve and process data; and
- b.** Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production type machinery or equipment.

5. "Data" means information and instructions which have been converted to a form usable by "computer" equipment, including software and programs.
6. "Employee" means:
 - a. Any natural person:
 - (1) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any other dishonest act committed by the "employee";
 - (2) Who you compensate directly by salary, wages or commissions; and
 - (3) Who you have the right to direct and control while performing services for you;
 - b. Any natural person who is furnished temporarily to you:
 - (1) To substitute for a permanent "employee" as defined in Paragraph a., who is on leave; or
 - (2) To meet seasonal or short-term work load conditions;
 while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";
 - c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph b.;
 - d. Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;
 - e. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";
 - f. Any "employee" of an entity merged or consolidated with you prior to the effective date of this insurance; or
 - g. Any of your "managers", directors or trustees while:
 - (1) Performing acts within the scope of the usual duties of an "employee"; or
 - (2) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

"Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 3.
7. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
8. "Forgery" means the signing of the name of another person or organization with intent to deceive. It does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
9. "Manager" means a person serving in a directorial capacity for a limited liability company.
10. "Media" means all forms of material on which "data" is stored, such as disks, disk packs or magnetic tapes.
11. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
12. "Money" means:
 - a. Currency, coins, and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.

- 13.** "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.
- 14.** "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other properties and includes:
- a.** Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b.** Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;
- but does not include "money".
- 15.** "Theft" means the unlawful taking of property to the deprivation of the Insured.
- 16.** "Valuable papers and records" means inscribed, printed or written:
- a.** Documents;
 - b.** Manuscripts; and
 - c.** Records;
- including abstracts, books, deeds, drawings, films, maps or mortgages.
But "valuable papers and records" does not mean "money" or "securities".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMERICAN RENTAL ASSOCIATION CAUSES OF LOSS – SPECIAL FORM ENDORSEMENT

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

- A.** Section **B.1.a.** is deleted.
- B. Earth Movement** exclusion, **B.1.b.** is amended by adding the following section:
- (6) This exclusion does not apply to the following coverages provided as Additional Coverages or as Coverage Extensions in the Building and Personal Property Coverage Form:
 - (a) Accounts Receivable;
 - (b) Valuable Papers and Records; or
 - (c) Fine Arts.
- C. Water** exclusion **B.1.g.** is amended by adding the following sections:
- (5) This exclusion does not apply to the following coverages provided as Additional Coverages or as Coverage Extensions in the Building and Personal Property Coverage Form:
 - (a) Accounts Receivable;
 - (b) Valuable Papers and Records; or
 - (c) Fine Arts.
 - (6) This exclusion does not apply to the extent that coverage is provided in the Additional Coverage – Limited Coverage for Backup of Sewers or Drains.
- D.** Section **B.2.h.** is deleted and replaced by the following wording:
- h.** Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.
- This exclusion does not apply:
- (1) To acts of destruction by your employees (including leased employees);
 - (2) To the extent that coverage is provided as Additional Coverage – Employee Theft in the Building and Personal Property Coverage Endorsement.
- E.** The special limitation for furs, fur garments and garments trimmed with fur in Section **C.3.a.** is amended to \$5,000.
- F.** The special limitation for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious allows or metals in Section **C.3.b.** is amended to \$5,000.
- G.** The limit for the **Additional Coverage – Limited Coverage For “Fungus”, Wet Rot, Dry Rot And Bacteria** shown in Section **E.3.** is amended from \$15,000 to \$25,000
- H.** The limit for **Property in Transit** Coverage Extension shown in Section **F.1.c.** is amended from \$5,000 to \$25,000.

I. Additional coverage for Back of Sewers or Drains is provided as follows:

Limited Coverage for Backup of Sewers or Drains

- a. We will pay for direct physical loss or damage to Covered Property caused by or resulting from water or waterborne material:
 - (1) Which backs up through or overflows from a sewer drain;
 - (2) Which overflows from a sump, even if the overflow results from mechanical breakdown of a sump pump or its appurtenant equipment. However, we will not pay the cost of repairing or replacing a sump pump or its appurtenant equipment in the event of mechanical breakdown; or
- b. The Coverage described in Paragraph a. does not apply to loss or damage resulting from an insured's failure to perform the routine maintenance or repair:
 - (1) Of all sump pumps and their appurtenant equipment; and
 - (2) To keep sewers and drains free from obstructions.
- c. The most we will pay for the coverage provided under this endorsement is a total of \$25,000 per occurrence.

SERFF Tracking Number: *QBEC-125626574* *State:* *Arkansas*
Filing Company: *Praetorian Insurance Company* *State Tracking Number:* *EFT \$50*
Company Tracking Number: *08-111-002-ML-AR*
TOI: *01.0 Property* *Sub-TOI:* *01.0001 Commercial Property (Fire and Allied Lines)*

Product Name: *ARA - Commercial Property Form Filing*
Project Name/Number: /

Rate Information

Rate data does NOT apply to filing.

<i>SERFF Tracking Number:</i>	<i>QBEC-125626574</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Praetorian Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>08-111-002-ML-AR</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>ARA - Commercial Property Form Filing</i>		
<i>Project Name/Number:</i>	/		

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Review Status:	Approved	05/02/2008
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Comments:

Attachments:

ARPCTD-1.pdf
ARFFS-1.pdf

Satisfied -Name:	Arkansas Certificate of Compliance	Review Status:	Approved	05/02/2008
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Comments:

Attachments:

ARCOC.pdf
ARCOC.pdf

Satisfied -Name:	Form Filing Memos	Review Status:	Approved	05/02/2008
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Comments:

Attachments:

Form Filing Memo.pdf
Summary of Major Cov Rev 2008.pdf

Satisfied -Name:	Previously Approved Forms	Review Status:	Approved	05/02/2008
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Comments:

Attachments:

Previously Approved ARA 0010 0102.pdf
Previously Approved ARA 0011 0102.pdf
Previously Approved ARA 0012 0102.pdf

Property & Casualty Transmittal Document

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

3. Group Name	Group NAIC #
QBE	0796

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Praetorian Insurance Company	IL	37257	36-3030511	

5. Company Tracking Number	08-111-002-ML-AR
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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
	Janet Kiger 1299 Farnam, Suite 950 Omaha NE 68102	Asst VP	800-324-0269 ext 110	402-345-4401	janet.kiger@qbeameric as.com
7.	Signature of authorized filer				
8.	Please print name of authorized filer		Janet Kiger		

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

9. Type of Insurance (TOI)	01.0 Property		
10. Sub-Type of Insurance (Sub-TOI)	01.0001 Commercial Property (Fire and 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:	Date of Approval	Renewal: Date of Approval
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
16. Reference Organization (if applicable)	N/A		
17. Reference Organization # & Title	N/A		
18. Company's Date of Filing	04/28/08		
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved		

Effective March 1, 2007

FORM FILING SCHEDULE

(This form must be provided **ONLY** when making a filing that includes forms)

(Do **not** refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	08-111-002-ML-AR			
2.	This filing corresponds to rate/rule filing number <small>(Company tracking number of rate/rule filing, if applicable)</small>	N/A			
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Building and Personal Property Coverage End	ARA 10 01 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	ARA 0010 (01/02) & ARA 0012 (01/02)	Initial Form Filing
02	Causes of Loss – Special Form Endorsement	ARA 10 02 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	ARA 0011 (01/02)	Initial Form Filing
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

ARKANSAS CERTIFICATE OF COMPLIANCE

(You may print or type the information required by this form)

FORM SELF CERT



I, Stephen T. Fitzpatrick, Vice President of
(Name) (Title of Authorized Officer)

Praetorian Insurance Company
(Name of Insurer)

declare that I am authorized to execute and file this certificate of compliance and do hereby certify that I am knowledgeable of the legal requirements under Arkansas law applicable to the insurance forms that are the subject of this filing and further aver:

1. Upon information and belief, I certify that the insurance forms filed herewith are complete and comply with all Arkansas laws, including the:

- a. Arkansas Code Annotated;
- b. Arkansas Rules and Regulations;
- c. Arkansas Insurance Bulletins, Directives and Orders;
- d. Applicable filing requirements including the applicable product standards set forth in the product checklists; and
- e. Rulings and decisions of any court of this state.

2. I understand and acknowledge that the Commissioner will rely upon this certificate and if it is subsequently determined that any form filed herewith is false or misleading, appropriate corrective action shall be taken by the commissioner against

the company.

3. Pursuant to Ark. Code Ann. §23-79-109(a)(1)(C), I understand that by certifying that a form complies with paragraph 1 hereof, it is not to be taken by the undersigned or by my company as meaning that any insurance effected by use of such form may in any fashion be inconsistent with the statutory and common law of Arkansas.

4. Pursuant to Ark. Code Ann. §23-79-118, I understand and acknowledge that any insurance policy, rider, endorsement or other insurance form filed under this certificate, that is subsequently issued to an insured, and contains any condition or provision not in compliance with the requirements of the laws of the State of Arkansas, as set forth in paragraph 1 hereof, shall be construed and applied in accordance with such condition or provision as would have applied if the policy, rider, endorsement or form had been in full compliance with the law.

Does this Certification apply to all the companies in this filing? (Yes or No) Yes

If "NO", to which companies does this Certification apply?

Company Name(s)	NAIC #

Company Tracking Number 08-111-002-ML-AR

Signature of Authorized Officer ▶

Name of Authorized Officer ▶ Stephen T. Fitzpatrick

Title of Authorized Officer ▶ Vice President

Email address of Authorized Officer ▶ sfitzpatrick@praetorianfinancial.com

Telephone # of Authorized Officer ▶ 800-324-0269

Date ▶ 04/28/08

This form may be computer generated by the company. So long as the wording and general layout is the same, the format may vary. For more information, contact the Property & Casualty Division of the Arkansas Insurance Department at 1200 W 3rd St., Little Rock, AR 72201, telephone: 501-371-2800, or email: information.pnc@state.ar.us AID PC SelfCert (4/30/03)

ARKANSAS CERTIFICATE OF COMPLIANCE

(You may print or type the information required by this form)

FORM SELF CERT



I, Stephen T. Fitzpatrick, Vice President of
(Name) (Title of Authorized Officer)

Praetorian Insurance Company
(Name of Insurer)

declare that I am authorized to execute and file this certificate of compliance and do hereby certify that I am knowledgeable of the legal requirements under Arkansas law applicable to the insurance forms that are the subject of this filing and further aver:

1. Upon information and belief, I certify that the insurance forms filed herewith are complete and comply with all Arkansas laws, including the:

- Arkansas Code Annotated;
- Arkansas Rules and Regulations;
- Arkansas Insurance Bulletins, Directives and Orders;
- Applicable filing requirements including the applicable product standards set forth in the product checklists; and
- Rulings and decisions of any court of this state.

2. I understand and acknowledge that the Commissioner will rely upon this certificate and if it is subsequently determined that any form filed herewith is false or misleading, appropriate corrective action shall be taken by the commissioner against

the company.

3. Pursuant to Ark. Code Ann. §23-79-109(a)(1)(C), I understand that by certifying that a form complies with paragraph 1 hereof, it is not to be taken by the undersigned or by my company as meaning that any insurance effected by use of such form may in any fashion be inconsistent with the statutory and common law of Arkansas.

4. Pursuant to Ark. Code Ann. §23-79-118, I understand and acknowledge that any insurance policy, rider, endorsement or other insurance form filed under this certificate, that is subsequently issued to an insured, and contains any condition or provision not in compliance with the requirements of the laws of the State of Arkansas, as set forth in paragraph 1 hereof, shall be construed and applied in accordance with such condition or provision as would have applied if the policy, rider, endorsement or form had been in full compliance with the law.

Does this Certification apply to all the companies in this filing? (Yes or No) ► Yes

If "NO", to which companies does this Certification apply?

Company Name(s)	NAIC #

Company Tracking Number 08-111-002-ML-AR

Signature of Authorized Officer ►

Handwritten signature of Stephen T. Fitzpatrick in black ink.

Name of Authorized Officer ► Stephen T. Fitzpatrick

Title of Authorized Officer ► Vice President

Email address of Authorized Officer ► sfitzpatrick@praetorianfinancial.com

Telephone # of Authorized Officer ► 800-324-0269

Date ► 04/28/08

This form may be computer generated by the company. So long as the wording and general layout is the same, the format may vary. For more information, contact the Property & Casualty Division of the Arkansas Insurance Department at 1200 W 3rd St., Little Rock, AR 72201, telephone: 501-371-2800, or email: information.pnc@state.ar.us AID PC SelfCert (4/30/03)

PRAETORIAN INSURANCE COMPANY

**AMERICAN RENTAL ASSOCIATION
COMMERCIAL PROPERTY
FORM FILING MEMORANDUM**

ARA 10 01 08 07 – Building and Property Coverage Endorsement
Replaces Form: ARA 0010 (01/02) and ARA 0012 (01/02)

ARA 10 02 08 07 – Causes of Loss – Special Form Endorsement
Replaces Form: ARA 0011 (01/02)

Summary of Major Coverage Revisions

1. The Building and Personal Property Coverage Endorsement deletes references to coverage for personal property of others. The only exceptions will be:
 - a. Employee tools and equipment used in the business
 - b. Personal Effects of officers, partners, members, managers, or employees.

This was done based on feedback from two stakeholders. Praetorian Insurance was concerned about duplication of coverage. Our preferred agents added their input that property of others was generally more like the rental and sales inventory. The most common types of property of others were rent inventory and customer's goods being serviced or repaired by our named insured. Limits tended to be more adequate under the rental equipment form. Plus, the mobile nature of these two types of property of others was better addressed using an IM form.

2. We did away with the Standard and Extended Coverage Options. We will offer the same broad ARA coverage options to all of our customers. Down the road, I would like to consider offering a straight ISO coverage option for those customers who don't value the coverage extensions we build into our product. This can be addressed separately as part of our pricing discussions.
3. We will eliminate the supplemental declarations page with a list of limits. ISO puts the additional coverage/coverage extension limits/sublimits right into the coverage form. The ARA amendatory endorsements will follow suit. I see one advantage to doing it this way will be that these extension amounts will be seen in full context of the coverage provided. A disadvantage is that we lose flexibility to increase these limits for specific accounts. Offsetting that disadvantage is our ability to use other ISO forms to provide special coverage requests.
4. The following Additional Coverage/Coverage Extension limits have been changed

Additional Covg/ Covg Extension	Current ISO Form	AIS Old Limit/ Sublimit*	AIS New Limit/ Sublimit	Add'l to limit or Sublimit
Accounts Receivable	No Coverage	\$100,000	\$100,000	Additional
Arson Reward	No Coverage	\$5,000	\$10,000	Additional
Debris Removal	\$10,000	\$25,000	\$25,000	Additional
Electronic Data	\$2,500	No Coverage	\$5,000	Additional
Employee Theft	No Coverage	\$10,000	\$10,000	Additional
Fire Department Service Charge	\$1,000	\$1,000	\$1,000	Additional
Forgery or Alteration	No Coverage	No Coverage	\$10,000	Additional
Inventories & Appraisals	No Coverage	\$25,000	\$25,000	Additional
Money & Securities (Inside and Outside)	No Coverage	No Coverage	\$10,000	Additional
Newly Acquired Locations – Building	\$250,000	\$1,000,000	\$1,000,000	Additional
Newly Acquired Locations – Personal Property	\$100,000	\$500,000	\$500,000	Additional
Ordinance or Law – Demolition Costs	No Coverage	\$100,000	\$100,000	Additional
Ordinance or Law – Increased Cost of Construction	\$10,000	Shared limit	\$10,000	Additional
Outdoor Property	\$1,000	\$25,000	\$25,000	Additional
Pollutant Cleanup & Removal	\$10,000	\$10,000	\$25,000	Additional
Recharge of Fire Protection Equipment	No Coverage	\$25,000	\$25,000	Additional
Valuable Papers	\$2,500	\$100,000	\$100,000	Additional
Computer	No Coverage	\$50,000	\$50,000	Sublimit
Fine Arts	No Coverage	\$25,000	\$25,000	Sublimit
Personal Effects	\$2,500	\$10,000	\$2,500	Additional
Property in Transit	\$5,000	\$25,000	\$25,000	Additional
Property Off Premises	\$10,000	\$25,000	\$25,000	Additional
Non Owned Detached Trailers	\$5,000	No Coverage	No Coverage	
Fungus, Wet Rot, Dry Rot & Bacteria	\$15,000	Full Limits	\$25,000	Sublimit
Underground Water, Backup of Sewers & Drains	No Coverage	Full Limits	\$25,000	Sublimit

*Extended Form

5. Property in Transit was previously in our Building and Personal Property Coverage Form as a Coverage Extension. ISO provided the coverage in their Cause of Loss Form granting Specified Perils Coverage for Property in Transit. Our new amendatory forms follow the ISO method for providing coverage.
6. The Fungi Limitation and Backup of Sewers and Drains Limitations are along ISO methods of providing coverage.

PRAETORIAN INSURANCE COMPANY

Equipment and Party Rental Program

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H** – DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the Named Locations scheduled in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the types of property described in this section **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(5) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 500 feet of the described premises, used for making additions, alterations or repairs to the building or structure;

(c) Plate glass;

(d) Fences, signs, and antennas (including satellite dishes).

b. Your Business Personal Property

located in or on the building described in the Declarations or in the open (or in a vehicle) within 500 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment, patterns, dies, molds, forms;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;

PRAETORIAN INSURANCE COMPANY

(6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(a) Made a part of the building or structure you occupy but do not own; and

(b) You acquired or made at your expense but cannot legally remove;

(7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

(8) Building plate glass for which you have a contractual responsibility to insure as a building tenant.

c. Personal Property of Others that is:

(1) In your care, custody or control; and

(2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 500 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;

b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

c. Automobiles held for sale;

d. Bridges, roadways, walks, patios or other paved surfaces;

e. Contraband, or property in the course of illegal transportation or trade;

f. The cost of excavations, grading, backfilling or filling;

g. Foundations of buildings, structures, machinery or boilers if their foundations are below:

(1) The lowest basement floor; or

(2) The surface of the ground, if there is no basement;

h. Land (including land on which the property is located), water, growing crops or lawns;

i. Personal property while airborne or waterborne;

j. Bulkheads, pilings, piers, wharves or docks;

k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

l. Retaining walls that are not part of a building;

m. Underground pipes, flues or drains;

n. The cost to research, replace or restore the information on "valuable papers and records" or data which exists on electronic or magnetic media, except as provided in the Coverage Extensions;

o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

(1) Are licensed for use on public roads; or

(2) Are operated principally away from the described premises;

This paragraph does not apply to:

(a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

(b) Vehicles or self-propelled machines, other than autos, you hold for sale; or

PRAETORIAN INSURANCE COMPANY

(c) Rowboats or canoes out of water at the premises;

p. The following property while outside of buildings:

(1) Grain, hay, straw or other crops;

(2) Trees, shrubs or plants (other than "stock" of trees, shrubs or plants), except as provided in the Coverage Extensions.

3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

(1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The deductible in this policy applicable to that loss or damage.

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

(3) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

b. 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 \$1,000 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.

The limit applicable to the Fire Department Service Charge Additional Coverage is in addition to the Limits of Insurance.

c. Pollutants Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the Named locations if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. We will also pay your expense to extract "pollutants" from land or water away from the Named Locations if the expense directly results from a Covered Cause of Loss that occurs during the policy period to covered property while in transit.

The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

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

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

The limit applicable to Pollutant Clean Up is in addition to the Limits of Insurance.

PRAETORIAN INSURANCE COMPANY

d. Preservation of Property

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

Payment under this Additional Coverage will not increase the applicable Limit of Insurance.

5. Coverage Extensions

Sublimits shown in the Declarations apply for all loss resulting from a single occurrence, unless stated otherwise in the specific Coverage Extension.

If a loss is covered by both a specific coverage form on this policy and a Coverage Extension, the coverage provisions of the specific form apply to the loss.

You may extend the insurance provided by this Coverage Part as follows:

a. Accounts Receivable

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to Accounts Receivable.
- (2) We will pay:
 - (a) All amounts due from your customers that you are unable to collect;
 - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (c) Collection expenses in excess of your normal collection expenses that are made necessary by the "loss"; and
 - (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

(3) We will not pay for a "loss" caused by or resulting from any of the following:

(a) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.

(b) Bookkeeping, accounting or billing errors or omissions.

(c) Electrical or magnetic injury, disturbance or erasure of electronic recordings.

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

(d) Unauthorized instructions to transfer property to any person or to any place.

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

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

(i) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the "loss" occurs; and

(ii) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the "loss" occurred or for any demonstrated variance from the average for that month.

PRAETORIAN INSURANCE COMPANY

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

(i) The amount of the accounts for which there is no "loss";

(ii) The amount of the accounts that you are able to re-establish or collect;

(iii) An amount to allow for probable bad debts that you are normally unable to collect; and

(iv) All unearned interest and service charges.

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

(7) The most we will pay under this Extension at each covered location is the Sublimit for Accounts Receivable shown in the Declarations.

b. Computer Coverage

(1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical "loss" to:

(a) "Computer Equipment," which means electronic data processing equipment capable of accepting "data" and processing it.

(b) "Data," which means information and instructions which have been converted to a form usable by "computer equipment", including software and programs.

(c) "Media," which means all forms of material on which "data" is stored, such as disks, disk packs or magnetic tapes.

(2) We will also pay the cost to refill Automatic Extinguishing Systems used exclusively to protect property covered under this Extension. We will pay whether the discharge occurs as intended to control a fire or by accident, but we will not cover any discharge that occurs at the time of

installation, repair, testing or recharging of the extinguishing system.

(3) We will pay for "Extra Expense" you incur in order to continue as nearly as practicable the normal operation of your business following a covered "loss" to covered "Computer Equipment," "Data" or "Media," provided that this coverage is limited to "loss" occurring at only those locations where coverage for Computer Coverage is otherwise afforded under the terms of this policy. Coverage for such "Extra Expense" shall be limited for any one occurrence at such covered location to the Sublimit for Computer Coverage – Extra Expense shown in the Supplemental Declarations.

(4) The following Exclusions in the Causes of Loss – Special Form do not apply to coverage provided by the Computer Coverage Extension:

(a) **B.1.b.** Earth Movement; **B.1.e.** Off Premises Utility Failure; **B.1.g.** Water; and

(b) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear and Tear; **B.2.e.** Steam Apparatus; **B.2.h.** Dishonesty; **B.2.i.** False Pretense; **B.2.k.** Collapse and **B.2.l.** Pollution.

(5) The following additional Exclusions apply to this Extension:

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

(a) Error or omission in "computer equipment" programming or instructions.

(b) "Electrical or magnetic injury to, or disturbance or erasure of "media" or "data". This exclusion does not apply to direct physical "loss" to Covered Property caused by or resulting from lightning.

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(c) Deterioration, depreciation or obsolescence.

(6) "Data" will be valued at the cost of reproducing or replacing it. If you don't replace or reproduce the "data", we won't pay more than the cost of replacing the lost or damaged "media" with blank "media".

(7) The most we will pay under this Extension at each covered location is the Sublimit for Computer Coverage shown in the Supplemental Declarations.

c. Consequential Damage

You may extend the insurance that applies to Your Business Personal Property to cover the consequential damage to your undamaged

personal property. Consequential damage means a part or parts of your product which are physically lost or damaged by a covered cause of loss causing the part or parts that are not damaged to be unmarketable as a complete product. The most we will pay under this Extension is the Sublimit for Consequential Damage shown in the Supplemental Declarations.

d. Exhibition Coverage

You may extend the insurance that applies to Covered Property while en route to or from, or temporarily on display at exhibitions, fairs or trade shows. The most we will pay under this Extension is the Sublimit for Exhibition Coverage shown in the Supplemental Declarations.

e. Fine Arts

(1) You may extend the insurance that applies to Your Business Personal Property to apply to Fine Arts.

(2) Fine Arts means paintings, statuary, manuscripts, tapestries, rare books, pictures, antique furniture, art glass windows, valuable rugs, rare glass, and similar property of rarity, artistic merit, or historical value.

(3) Fine Arts are valued at market value at the time of loss. In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the

market value of the whole set and surrender the remaining pieces to us.

(4) The most we will pay under this Extension at each covered location is the Sublimit for Fine Arts shown in the Supplemental Declarations.

f. Inventory or Appraisals

You may extend the insurance that applies to Your Business Personal Property to pay the cost of any inventory or appraisal that we require when loss or damage occurs to insured property.

The most we will pay under this Extension is the Sublimit for Inventory or Appraisals shown in the Supplemental Declarations.

g. Newly Acquired Locations

(1) You may extend the insurance that applies to Building to apply to:

(a) Your new buildings while being built; and

(b) Buildings you acquire at locations other than the Named Locations.

(2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

(3) Coverage under paragraphs (1) and (2) of this Extension is only provided if a dollar amount is shown for Newly Acquired Locations in the Supplemental Declarations.

(4) The most we will pay for loss or damage to Buildings or Your Business Personal Property under this Extension is the Sublimit shown in the Supplemental Declarations. Coverage under any of the other Coverage Extensions which applies to Newly Acquired Locations is included within these Sublimits.

(5) Insurance under this Extension for each newly acquired or constructed

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property will end when any of the following first occurs:

- (a) This policy expires;
- (b) 90 days expire after you acquire or begin to construct the property; or.
- (c) You report values to us.

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

h. Off Premises Utility Failure – Direct Damage

You may extend the insurance which applies to Building, Your Business Personal Property, or Personal Property of Others to cover direct physical “loss” to covered property, other than “Perishable Stock”, which results from failure of

a water supply service, communication supply service, or power supply service to a covered location. The failure must be the result of direct physical “loss” to the off premises utility service from a Covered Cause of Loss.

The most we will pay under this Extension is the Sublimit for Off Premises Utility Failure – Direct Damage shown in the Supplemental Declarations.

(1) Water Supply Service means the following types of property supplying water to the described premises:

- (a) Pumping stations, and
- (b) Water mains.

(2) Communication Supply Service, meaning property supplying communication services, including telephone, radio, microwave, or television services to the described premises, such as:

- (a) Communication transmission lines, including optic fiber transmission lines;
- (b) Coaxial cables; and
- (c) Microwave radios relays except satellites.

(3) Power Supply Service means the following types of property supplying electricity, steam or gas to the described premises:

- (a) Utility generating plants;
- (b) Switching stations;
- (c) Transformers; and
- (d) Transmission lines.

(4) We will not pay under this Extension for Loss of Business Income, Loss of Rents, Extra Expense, or any other business interruption or indirect “loss” caused by or resulting from Off Premises Utility Failure.

(5) The terms of this Extension apply separately to each covered building.

i. Ordinance or Law

(1) Coverage for Loss to the Undamaged Portion of the Building

(a) If a Covered Cause of Loss occurs to covered Building property, we will pay for the loss to the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

- (i) requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- (ii) regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- (iii) is in force at the time of loss

(b) When this Coverage applies, loss to the building, including loss to the undamaged portion of the building due to enforcement of an ordinance or law, will be determined as follows:

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(i) If the Replacement Cost Coverage Option applies and the property **is** repaired or replaced, on the same or another premises, we will pay the lesser of:

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

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered Building Property.

(ii) If the Replacement Cost Coverage Option applies and the property is **not** replaced, or if the Replacement Cost Coverage Option does **not** apply, we will pay the lesser of:

(aa) The actual cash value of the building at the time of loss; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered Building property.

(b) Coverage for Loss to the Undamaged Portion of the Building is included within the Limits of Insurance shown in the Supplemental Declarations as applicable to the covered Building property. This coverage does not increase the Limit of Insurance.

(2) Demolition Cost Coverage

(a) If a Covered Cause of Loss occurs to covered Building property, we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.

(b) We will not pay more under Demolition Cost Coverage than:

(i) the amount you actually spend to demolish and clear the site of the described premises; or

(ii) the Sublimit for Ordinance or Law – Demolition/Increased Cost of Construction shown in the Supplemental Declarations.

(3) Increased Cost of Construction Coverage

(a) If a Covered cause of Loss occurs to the covered Building property, we will pay for the Increased cost to:

(i) repair or reconstruct damaged portions of that Building property; and/or

(ii) reconstruct or remodel undamaged portions of that Building property, 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:

(i) 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.

(ii) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

(b) When covered Building property is damaged or destroyed by a Covered Cause of Loss and Increased Cost of Construction applies to that property in accordance with (3)(a) above, coverage for the increased cost of construction also applies to repair or reconstruction of the

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following, subject to the same conditions stated in **(3)(a)**:

- (i)** The cost of excavations, grading, backfilling and filling;
- (ii)** Foundation of the building;
- (iii)** Bulkheads, pilings, piers, wharves or docks; and
- (iv)** Underground pipes, flues and drains.

The items listed in **(3)(b)(i)** through **(iv)** above are deleted from Property Not Covered, but only with respect to the coverage described in this provision, **(3)(b)**.

(c) 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 replacements are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(d) If the building is repaired 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 lesser of:

- (i)** The increased cost at the same premises; or
- (ii)** The Sublimit for Ordinance or Law – Demolition/Increased Cost of Construction shown in the Supplemental Declarations.

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

- (i)** Increased cost of construction at the new premises; or
- (ii)** The Sublimit for Ordinance or Law – Demolition/Increased Cost of

Construction shown in the Supplemental Declarations.

(4) The most we will pay for Demolition Cost Coverage **and** Increased Cost of Construction Coverage combined is the Sublimit for Ordinance or Law – Demolition/Increased Cost of Construction shown in the Supplemental Declarations.

(5) We will not pay under this Extension for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants”.

(6) The terms of this Extension apply separately to each covered buildings.

(7) Under this Extension we will not pay for loss due to any ordinance or law to which:

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

(b) You failed to comply.

j. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your trees, shrubs and plants (other than “stock” of trees, shrubs and 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 at each covered

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location is the Sublimit for Outdoor Property shown in the Supplemental Declarations, but not more than \$2,500 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.

k. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or your employees if the property is otherwise uninsured. Coverage under this paragraph does not apply to Unnamed Locations or Property in Transit.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension at each covered location is the Sublimit for Personal Effects and Property of Others shown in the Supplemental Declarations. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

l. Property in Transit

- (1) You may extend the insurance provided by this Coverage Part to apply to covered Personal Property in or on a vehicle or in transit more than 500 feet from a Named Location:
 - (a) In or on a vehicle you own or lease;
 - (b) In the custody of a public or contract trucker;
 - (c) In the custody of an air or rail carrier;
 - (d) While waterborne on inland waterways.
- (2) We will pay for "loss" to Covered Property caused by or resulting from a Covered Cause of Loss.
- (3) This Extension does not apply to sales representatives' samples (including containers) or to property of any type while en route to or from a trade show, exhibition, or fair.

- (4) The most we will pay in any occurrence under this Extension is the Sublimit for Property in Transit shown in the Supplemental Declarations.

m. Sales Representatives' Samples

- (1) You may extend the insurance that applies to Your Business Personal Property to pay for samples of your stock in trade (including containers) while the property is in the custody of your sales representatives and agents more than 500 feet from a Named Location.
- (2) The most we will pay under this Extension is the Sublimit for Sales Representatives Samples shown in the Supplemental Declarations.

n. Unnamed Locations – Direct Damage

- (1) If a Sublimit for Unnamed Locations is shown in the Supplemental Declarations, you may extend the insurance that applies to Your Business Personal Property to apply to that property at any Unnamed Location within the territorial limits of this policy.
- (2) Unnamed Locations coverage applies to Your Business Personal Property:
 - (a) On premises of processors or suppliers;
 - (b) During installation at premises of others;
 - (c) While on consignment at premises of others; or
 - (d) At any other location except as provided in paragraph (3).
- (3) Unnamed Locations coverage does not apply to:
 - (a) Named Locations;
 - (b) Newly Acquired Locations;

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(c) Property located in or on any vehicle, whether or not in transit, including while being loaded or unloaded from it;

(d) Business Personal Property rented or leased to others;

(e) Property while at trade shows, exhibitions, or fairs; or

(e) Property in the custody of sales representatives or agents.

(4) The limit of insurance for this Extension, if coverage is provided, is the Unnamed Locations Sublimit stated in the Supplemental Declarations. Coverage under any of the other Coverage Extensions which applies to Unnamed Locations is included within this Sublimit.

0. Valuable Papers and Records – Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged “valuable papers and records.”

The most we will pay under this Extension at each covered location is the Sublimit for Valuable Papers and Records Cost of Research shown in the Supplemental Declarations.

B. EXCLUSIONS AND LIMITATIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

Lesser limits of insurance apply to coverages for which Sublimits are stated in the Supplemental Declarations or in forms or endorsements.

The limits applicable to the Fire Department Service Charge and Pollutant Cleanup and Removal Additional Coverages are in addition to the Limits of Insurance.

Limits and Sublimits stated in the Supplemental Declarations include coverage provided by the Coverage Extensions.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or

2. Debris Removal; but if:

a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or

b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$25,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. LOSS CONDITIONS

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event of Loss or Damage

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside in the best possible order for examination.

- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

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

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

4. Loss Payment

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

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

- b. Except as provided in the Coverage Extensions, 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.

- c. We will not pay you more than your financial interest in the Covered Property.

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

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

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- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

5. Recovered Property

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

6. Vacancy

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

- a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (1) Vandalism;
 - (2) Sprinkler leakage, unless you have protected the system against freezing;
 - (3) Building glass breakage;
 - (4) Water damage;
 - (5) Theft; or
 - (6) Attempted theft.
- b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

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

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

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- a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.**, **e.** and **f.** below.
 - b. If the cost to repair or replace the damaged Building property is \$5,000 or less, we will pay the cost of building repairs or replacement.
 - c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
 - d. Glass at the cost of replacement with safety glazing material if required by law.
 - e. Tenant's Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3) Nothing if others pay for repairs or replacement.
- f. "Valuable Papers and Records" or data which exists on electronic or magnetic media (other than pre-packaged software programs), at the cost of:
 - (1) Blank materials for reproducing the records; and

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- (2) Labor to transcribe or copy the records when there is a duplicate.

This clause does not apply to Computer Coverage or Valuable Papers and Records – Cost of Research coverage provided in the Coverage Extensions or by a specific Sublimit in the Declarations.

F. ADDITIONAL CONDITIONS

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

1. Mortgageholders

- a. The term “mortgageholder” includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The mortgageholder’s rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- (2) The mortgageholder’s right to recover the full amount of the mortgageholder’s claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

2. Premium Adjustment

Prior to each renewal, you agree to provide us with a schedule of all insured locations at 100% of the values insured in accordance with the policy valuation clauses. The premium for the renewal will be adjusted using the current values.

G. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverage applies.

1. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Manuscripts;
 - (2) Works of art, antiques or rare articles, including etchings, pictures,

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statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (3) "Stock," unless the including "Stock" option is shown in the Declarations.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your internet to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage.
- (1) Until the lost or damaged property is actually repaired or replaced; and
- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2), (3), subject to f. below:
- (1) The Limit of Insurance applicable to the lost or damaged property with other property;
- (2) The cost to replace, on the same premises, the lost or damaged property with other property;
- (a) Of comparable material and quality; and
- (b) Used for the same purpose; or
- (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
- f. Except as is provided in the Coverage Extensions, the cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

2. Inflation Guard

- a. The limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the declarations.
- b. The amount of increase will be:
1. The limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 2. The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 3. The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance divided by 365.

Example:

If: the applicable Limit of Insurance is \$100,000,
the annual percentage increase is 8%,
the number of days since the beginning of the policy year (or last policy change) is 146

The amount of increase is
 $\$100,000 \times .08 \times 146/365 = \$3,200.$

H. DEFINITIONS

1. "Extra Expense" means the total cost you incur during the "period of restoration" chargeable to the operation of your business, over and above the total cost that you normally would have incurred to conduct your business during the same period had no "loss" occurred.
2. "Loss" means accidental direct physical loss or damage.

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3. **“Period of Restoration”** means such length of time, commencing with the date of “loss” and not limited by the date of expiration of this policy, as would be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the property herein described as has been damaged or destroyed.
4. **“Pollutants”** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. **“Stock”** means merchandise held in storage or for sale, raw materials and in process or finished goods, including supplies used in their packing or shipping.
6. **“Valuable Papers and Records”** means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages. But “valuable papers and records” does not mean money or securities, converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

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BUILDING AND PERSONAL PROPERTY COVERAGE

CAUSES OF LOSS FORM

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

A. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., EXCLUSIONS; or
2. Limited in Section C., LIMITATIONS;

that follow.

B. EXCLUSIONS

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

a. Ordinance or Law

The enforcement of any ordinance or law:

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

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

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

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

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

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

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

- (3) This Exclusion does not apply to the following Coverage Extensions: Accounts Receivable, Computer Coverage, Exhibition Coverage, Fine Arts, Property in Transit, Sales Representatives' Samples, and Valuable Papers and Records – Cost of Research.

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c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Off Premises Utility Failure

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

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

f. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

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

g. Water

(1) Flood, surface water, waves, tides, tidal waves, overflow of any body of

water, or their spray, all whether driven by wind or not;

(2) Mudslide, or mudflow;

(3) Water 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.

But if Water, as described in g. (1) through (3) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

This Exclusion does not apply to the following Coverage Extensions: Accounts Receivable, Computer Coverage, Exhibition Coverage, Fine Arts, Property in Transit, Sales Representatives' Samples, and Valuable Papers and Records – Cost of Research.

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

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

But if artificially generated electrical currents results in fire, we will pay for the loss or damage caused by that fire.

b. **Consequential Loss:** Delay, loss of use or loss of market.

c. **Smoke, Vapor, Gas:** Smoke, vapor or gas from agricultural smudging or industrial operations.

d. **Maintenance Types of Loss:**

(1) Wear and tear;

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

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

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

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d. (1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous Seepage or Leakage: Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

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

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

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

h. Dishonesty: Dishonest or criminal act by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

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

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

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

i. False Pretense. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

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

k. Collapse. Collapse, except as provided below in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

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1. Pollution: Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

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

a. Weather Conditions: Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph **B.1.** above to produce the loss or damage.

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

c. Faulty, Inadequate or Defective Acts or Omissions: Faulty, inadequate or defective:

(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 covered premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

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

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

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and including their lead-in wiring, masts or towers.

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

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

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

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

(5) Any other consequential loss.

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b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your canceling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following Exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.**, Ordinance or Law;
 - (b) Paragraph **B.1.c.**, Governmental Action;
 - (c) Paragraph **B.1.d.**, Nuclear Hazard;
 - (d) Paragraph **B.1.e.**, Off Premises Utility Failure; and
 - (e) Paragraph **B.1.f.**, War and Military Action.

(2) Contractual Liability

We will not defend any claim or "suit," or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (a) Your assumption of liability was executed prior to the accident; and
- (b) The building is Covered Property under this Coverage Form.

(3) Nuclear Hazard

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

C. LIMITATIONS

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. Property that is missing where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - d. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.
 - e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

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a. Animals, and then only if they are killed or their destruction is made necessary,

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

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

(2) Containers of property held for sale; or

(3) Photographic or scientific instrument lenses.

3. The special limit shown for each category, a. through c., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

a. \$3,000 for furs, fur garments and garments trimmed with fur.

b. \$3,000 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious 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.

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

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. ADDITIONAL COVERAGE - COLLAPSE

1. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:

a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;

b. Hidden decay;

c. Hidden insect or vermin damage;

d. Weight of people or personal property;

e. Weight of rain that collects on a roof;

f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in **D.1.a.** through **D.1.e.**, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the collapse.

2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:

a. The personal property which collapses is inside a building insured under this Coverage Form.

b. The collapse was caused by a cause of loss listed in **D.1.a.** through **D.1.f.** above.

3. With respect to the following property:

a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

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- b. Awnings, gutters or downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

If the collapse is caused by a cause of loss listed in **D.1.b.** through **D.1.f.**, we will pay for the loss or damage to that property only if:

- a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
 - b. The property is Covered Property under this Coverage Form.
- 4. Collapse does not include settling, cracking, shrinkage, bulging or expansion.
 - 5. This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSION

- 1. **Water Damage, Other Liquid, Powder or Molten Material Damage.** If loss or damage caused by or resulting from covered water, or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

F. DEFINITIONS

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

- 1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
- 2. Falling objects does not include loss or damage to:
 - a. Personal property in the open; or
 - b. 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.
- 3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

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EXTENDED PROPERTY COVERAGE ENDORSEMENT

A. These changes apply to BUILDING AND PERSONAL PROPERTY COVERAGE FORM ARA 0010:

1. The following Additional Coverages are added to Paragraph A.4.:

e. Arson Reward

You may extend the insurance provided by this Coverage Part to apply to arson reward. We will pay up to the Sublimit for Arson Reward shown in the Declarations as reward for information that leads to an arson conviction. The conviction must be for a covered fire loss. The amount we will pay is not increased by the number of persons involved in providing the information.

The limit applicable to Arson Reward is in addition to the Limits of Insurance.

f. Recharge of Fire Protection Equipment

You may extend the insurance provided by this Coverage Part to apply to the recharge of fire protection equipment. We will pay up to the Sublimit for Recharge of Fire Protection Equipment shown in the Declarations to cover your incurred expenses to recharge automatic fire protection equipment when the equipment is discharged:

- (1) to fight a fire;
- (2) as a result of a covered peril; or
- (3) by accident,

but we will not cover any discharge that occurs at the time of installation, repair, testing or recharging of the fire protection equipment.

The limit applicable to Recharge of Fire Protection Equipment is in addition to the Limits of Insurance.

2. The following Coverage Extensions are added to Paragraph A.5.:

p. Employee Dishonesty

(1) You may extend the insurance provided by this Coverage Part to apply to the direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

- (a) Cause to sustain loss or damage; and also
- (b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (i) Any "employee"; or
 - (ii) Any other person or organization.

(2) We will not pay for loss or damage:

- (a) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.
- (b) Caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.
- (c) The only proof of which as to its existence or amount is:
 - (i) An inventory computation; or
 - (ii) A profit and loss computation.

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- (d) That is an indirect result of any act or "occurrence" covered by this insurance.
- (e) Expenses related to any legal action.
- (3) Subject to paragraph (8) below, we will pay only for loss or damage you sustain through acts committed or events occurring during the policy period shown in the Declarations.
- (4) The most we will pay for loss or damage under this Extension in any one "occurrence" is the Sublimit for Employee Dishonesty shown in the Declarations.
- (5) Regardless of the number of years this policy remains in force or the number of premiums paid, the limit of insurance does not cumulate from year to year or period to period.
- (6) This Coverage Extension is canceled as to any "employee" immediately upon discovery by:
- (a) You; or
- (b) Any of your partners, officers or directors not in collusion with the "employee";
- of any dishonest act committed by that "employee" before or after being hired by you.
- (7) We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
- (8) If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under the Employee Dishonesty Coverage Extension, provided:
- (a) This Coverage Extension became effective at the time of cancellation or termination of the prior insurance; and
- (b) The loss or damage would have been covered by this Coverage Extension had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- The insurance under this paragraph (8) is part of, not in addition to, the Limit of Insurance applying to this Coverage Extension and is limited to the lesser of the amount recoverable under:
- (a) This Coverage Extension as of its effective date; or
- (b) The prior insurance had it remained in effect.
- (9) "Employee" means:
- (a) Any natural person:
- (i) While in your service (and for 30 days after termination of service); and
- (ii) Whom you compensate directly by salary, wages or commissions; and
- (iii) Whom you have the right to direct and control while performing services for you; or
- (b) Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside of the premises.
- (10) "Occurrence" means all loss caused by, or involving, one or more "employees", whether the result of a single act or series of acts.

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3. The following DEFINITIONS are added to Paragraph H:

7. **"Money"** means:

- (1) Currency, coins and bank notes in current use and having a face value; and
- (2) Travelers checks, register checks and money orders held for sale to the public.

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

- (1) Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- (2) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include **"money."**