

SERFF Tracking Number: FFDC-125659117 State: Arkansas  
First Filing Company: American Automobile Insurance Company, ... State Tracking Number: EFT \$50  
Company Tracking Number: NARAB0208  
TOI: 05.0 Commercial Multi-Peril - Liability & Non- Sub-TOI: 05.0000 CMP Sub-TOI Combinations  
Liability  
Product Name: Real Estate Owners Extension Endorsement  
Project Name/Number: Real Estate Owners Extension Endorsement/NARAB0208

## Filing at a Glance

Companies: American Automobile Insurance Company, Associated Indemnity Corporation, Fireman's Fund Insurance Company, National Surety Corporation, The American Insurance Company

Product Name: Real Estate Owners Extension SERFF Tr Num: FFDC-125659117 State: Arkansas

Endorsement

TOI: 05.0 Commercial Multi-Peril - Liability & Non-Liability SERFF Status: Closed State Tr Num: EFT \$50

Non-Liability

Sub-TOI: 05.0000 CMP Sub-TOI Combinations Co Tr Num: NARAB0208 State Status: Fees verified and received

Filing Type: Form

Co Status: Pending

Reviewer(s): Betty Montesi,  
Llyweyia Rawlins

Author: Hilary Cheda

Disposition Date: 06/20/2008

Date Submitted: 06/18/2008

Disposition Status: Approved

Effective Date Requested (New): 07/01/2008

Effective Date (New): 07/01/2008

Effective Date Requested (Renewal): 07/01/2008

Effective Date (Renewal):  
07/01/2008

State Filing Description:

## General Information

Project Name: Real Estate Owners Extension Endorsement

Status of Filing in Domicile: Pending

Project Number: NARAB0208

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 06/20/2008

State Status Changed: 06/19/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

This letter is to advise the Department that in 2001 we introduced our ABC Real Estate Owners coverage extension endorsement for our Real Estate industry business. This optional endorsement was designed to be attached to our AB 90 00 Property/Liability Policy form.



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We look forward to the Department's acknowledgement of this filing to become effective July 1, 2008.

## Company and Contact

### Filing Contact Information

Hilary Cheda, hcheda@ffic.com  
 777 San Marin Drive (415) 899-6968 [Phone]  
 Novato, CA 94998 (866) 290-0671[FAX]

### Filing Company Information

American Automobile Insurance Company	CoCode: 21849	State of Domicile: Missouri
777 San Marin Drive	Group Code: 761	Company Type:
Novato, CA 94998	Group Name:	State ID Number:
(415) 899-2817 ext. [Phone]	FEIN Number: 22-1608585	
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Associated Indemnity Corporation	CoCode: 21865	State of Domicile: California
777 San Marin Drive	Group Code: 761	Company Type:
Novato, CA 94998	Group Name:	State ID Number:
(415) 899-2817 ext. [Phone]	FEIN Number: 22-1708002	
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Fireman's Fund Insurance Company	CoCode: 21873	State of Domicile: California
777 San Marin Drive	Group Code: 761	Company Type:
Novato, CA 94998	Group Name:	State ID Number:
(415) 899-3290 ext. [Phone]	FEIN Number: 94-1610280	
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National Surety Corporation	CoCode: 21881	State of Domicile: Illinois
777 San Marin Drive	Group Code: 761	Company Type:
Novato, CA 94998	Group Name:	State ID Number:
(415) 899-2817 ext. [Phone]	FEIN Number: 36-2704643	
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The American Insurance Company	CoCode: 21857	State of Domicile: Nebraska
777 San Marin Drive	Group Code: 761	Company Type:
Novato, CA 94998	Group Name:	State ID Number:
(415) 899-2817 ext. [Phone]	FEIN Number: 22-0731810	
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## Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Automobile Insurance Company	\$0.00	06/18/2008	
Associated Indemnity Corporation	\$0.00	06/18/2008	
Fireman's Fund Insurance Company	\$50.00	06/18/2008	20975939
National Surety Corporation	\$0.00	06/18/2008	
The American Insurance Company	\$0.00	06/18/2008	

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	06/20/2008	06/20/2008

### Amendments

Item	Schedule	Created By	Created On	Date Submitted
Real Estate Owners Extension	Form	Hilary Cheda	06/19/2008	06/19/2008

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## Disposition

Disposition Date: 06/20/2008  
Effective Date (New): 07/01/2008  
Effective Date (Renewal): 07/01/2008  
Status: Approved  
Comment:

Rate data does NOT apply to filing.

### Overall Rate Information for Multiple Company Filings

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

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Marked Up Form	Approved	Yes
Supporting Document	Explanatory Memo	Approved	Yes
Supporting Document	Actuarial Memo	Approved	Yes
Form (revised)	Real Estate Owners Extension	Approved	Yes
Form	Real Estate Owners Extension	Approved	No

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**Amendment Letter**

Amendment Date:  
 Submitted Date: 06/19/2008

**Comments:**

Form Number on form tab has been corrected from CG9275 04 08 to AB9275 04 08

**Changed Items:**

**Form Schedule Item Changes:**

Form Name	Form Number	Edition Date	Form Type	Action	Replaced Form #	Previous Filing #	Readability Score	Attachments
Real Estate Owners Extension	AB 9275	04 08	Endorsement/Amendment/Conditions	Replaced	AB9275 03 01	NARAB0101		AB9275 04 08v2.pdf

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Real Estate Owners Extension	AB 9275	04 08	Endorsement/Amendment/Conditions Replaced	Replaced Form #: AB9275 03 01 Previous Filing #: NARAB0101		AB9275 04 08v2.pdf

**American Business Coverage Real Estate Owners Extension Endorsement AB 92 75 04 08**

Insured:

Policy Number:

Producer:

Effective Date:

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

**American Business Coverage**

**Schedule of Coverages not subject to the Blanket Limit of Insurance**

<b>Depositors Forgery*</b>	<b>\$25,000</b>
<b>Extended Period of Indemnity Foundations</b>	
<b>Impaired Tenantability Under Contract of Sale</b>	<b>\$10, 000</b>
<b>Lost Key</b>	<b>\$5,000</b>
<b>Money and Securities*</b>	<b>\$25,000</b>
<b>Money Orders and Counterfeit Money*</b>	<b>\$25,000</b>
<b>Newly Tenanted Property</b>	<b>\$10, 000</b>
<b>Outdoor Recreational Courts or Equipment</b>	
<b>Outdoor Swimming Pools</b>	
<b>Personal Effects*</b>	<b>\$5,000</b>
<b>Retaining Walls</b>	
<b>Roadways, Walks, Patios or Other Paved Surfaces</b>	
<b>Underground Pipes, Flues, Drains, Cesspools or Septic Tanks</b>	

**Schedule of Coverages subject to the \$500,000 Blanket Limit of Insurance**

<b>Coverage Description</b>	<b>Sub-Limits of Insurance</b>	<b>Additional Limits</b>
<b>Accounts Receivable*</b>		
<b>Business Personal Property - Off Premises*</b>		
<b>Computer Equipment, Media, Data and Programs*</b>		
<b>Contract Penalty</b>		
<b>Cost of Expediting*</b>		
<b>Cost of Inventory, Appraisal or Adjustment*</b>		
<b>Employee Dishonesty</b>	<b>\$25,000</b>	
<b>Event Cancellation</b>		
<b>Fire Department Service Charge*</b>		
<b>Fire Protection Devices*</b>		
<b>Income Support Properties*</b>		
<b>Lost Lease</b>		
<b>Newly Acquired Buildings*</b>		
<b>Off Premises Direct Damage</b>		
<b>Off Premises Time Element</b>		
<b>Outdoor Property: Trees, Shrubs, Plants and Lawns*</b>		
<b>Property of Others*</b>		
<b>Tenant Move Back</b>		
<b>Valuable Papers and Records*</b>		
<b>Refer to AB 9000 for coverage conditions</b>		

(If no entry appears above, information required to complete this Endorsement will be shown in the Declarations as applicable to this Endorsement.

This Form must be attached to Change Endorsement when issued after the policy is written.  
One of the **Fireman's Fund Insurance Companies** as named in the policy.



Secretary  
AB9275 04 08



President

I. Schedule of Coverages not subject to the Blanket Limit of Insurance

- A. For all coverages with specified sub-limits in the **Schedule of Coverages not subject to the Blanket Limit of Insurance** shown above; the most we will pay in any single occurrence is the specified sub-limit for the scheduled coverage item.
- B. The limits stated in this endorsement replace any other limits for all coverages in the **Schedule of Coverages not subject to the Blanket Limit of Insurance** provided under the Property/Liability policy AB 90 00 12 93 to which this endorsement is attached.

II. Schedule of Coverages Subject to the Blanket Limit of Insurance

A. \$500,000 Blanket limit of Insurance

A \$500,000 combined **Blanket Limit of Insurance** applies in each occurrence to all coverages described in the **Schedule of Coverages subject to the Blanket Limit of Insurance** shown above. You may elect to apportion the \$500,000 **Blanket Limit of Insurance** to a single coverage or between any combination of coverages for loss in each occurrence. However, regardless of how the **Blanket Limit of Insurance** is apportioned or the number of locations involved the most we will pay in any single occurrence is \$500,000.

This **Blanket Limit of Insurance** does not apply to any other coverages provided by this contract.

B. Specified Sub-Limits

For all coverages with specified sub-limits in the **Schedule of Coverages subject to the Blanket Limit of Insurance** shown above, the most we will pay in any single occurrence is

the specified sub-limit for the scheduled coverage item. Any specified sub-limits are included within the **Blanket Limit of Insurance** and do not increase the \$500,000 **Blanket Limit of Insurance**.

- C. Additional Limits of Insurance  
Additional Limits of Insurance may be purchased for each of the coverages listed above. If purchased, these Additional Limits of Insurance will be designated in the **Schedule of Coverages subject to the Blanket Limit of Insurance**, and will apply in addition to whatever amount you have otherwise apportioned to that coverage under the **Blanket Limit of Insurance**.

The limits stated in this endorsement replace any other limits for all coverages in the **Schedule of Coverage subject to the Blanket Limit of Insurance** provided under the Property/Liability policy AB 90 00 12 93 to which this endorsement is attached.

- III. Section I Property, A. Coverage, Subsection 2. Property Not Covered, item i., of Property/Liability Policy - AB 90 00 12 93, is deleted in its entirety.

- IV. Section I Property, A.5. Additional Coverages, item g. of Property/Liability Policy - AB 90 00 12 93, is deleted in its entirety and is replaced by the following:

g. Business Income

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your **operations during the period of restoration**. We will also pay for the actual loss of Business Income you incur during the period that:

- (1) Begins on the date property is actually repaired, rebuilt or replaced and operations are resumed; and
- (2) Ends on the earlier of:
  - (a) The date you could restore operations with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or
  - (b) 365 consecutive days after the date determined in (1) above.

But we will not pay for any loss of Business Income beyond 24 consecutive months after the date of direct physical loss or damage.

The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Causes of Loss.

**Business Income** means the:

- (1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- (2) Continuing normal operating expenses incurred, including payroll.

**Business Income Extension**

Your Business Income coverage is extended to apply to property at any location you acquire other than fairs or exhibitions. The most we will pay for loss under this Extension is \$10,000. This additional coverage is not subject to the Limits of Insurance.

**Business Income Exclusions**

We will not pay for:

- (1) Any increase of Business Income 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**.
- (2) Any other consequential loss.

V. Additional Coverage

The following is added to Property-Liability Policy - AB 90 00 12 93, Section I - Property Coverages, A. Coverage, 5. Additional Coverages:

u. Contract Penalty

We will pay the contractual penalties you are required to pay to your customers as a result of any clause in your written contracts with such customers imposing such penalties for failure to timely deliver your product according to the contract terms. The failure to timely deliver must result solely from direct physical loss or damage by a Covered Cause of Loss.

v. Employee Dishonesty Coverage

- A. We will pay for direct physical loss of covered property resulting from dishonest or fraudulent acts committed by any of your employees acting alone or in collusion with other persons (except you or your

partner) while they work for you and for 30 days after they leave your employment.

We will pay for loss of or damage to money, securities and other property resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the premises or banking premises; to a person (other than a messenger) outside those premises; or to a place outside those premises.

We will pay for loss of funds resulting directly from a fraudulent instruction directing a financial institution to transfer, pay or deliver funds from your transfer account.

The property covered is:

- (1) Money;
- (2) Securities;
- (3) Other property that is tangible and has an intrinsic value which you own, hold, or for which you are legally liable.

B. An employee is a natural person who is subject to your direction and control. Independent contractors or agents or representatives of the same general character are not employees.

If you are a non-profit organization, employee does include any non-compensated natural person, other than a fund solicitor, while performing services for you that are usual to the duties of an employee.

C. The dishonest or fraudulent act(s) must be committed within the

Coverage period and with the manifest intent to:

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

D. We will pay only for covered loss discovered within 90 days after the end of the Coverage period or cancellation date of this insurance.

E. We will not pay for loss, or any part of any loss:

- (1) The proof of which is dependent upon either:
  - (a) An inventory computation; or
  - (b) A profit and loss computation.

(2) Resulting from any act of any employee after the time that you, or any of your partners or officers have discovered or have knowledge of any dishonest act by that employee committed by that employee before or after being hired by you.

(3) Which is an indirect result of any dishonest or fraudulent act including loss:

- (a) Which relates to your inability to earn income.

(b) Which is a penalty, or interest payment.

(a) This Coverage as of its effective date; or

(c) Which is an expense related to any legal action.

(b) The prior insurance had it remained in effect.

F. If you have made a timely discovery and timely claim on more than one policy we or any affiliate has issued to you or any affiliate of yours, the most we will pay is the largest limit payable on any one policy.

An occurrence, means all loss caused by any employee or in which that person is involved, whether all loss involved one or more acts of dishonesty even when more than one employee is involved.

All loss caused by an unidentifiable employee(s) is one occurrence unless there is proof that no one employee could have been involved in all of the loss. Involved means to have had an effect on.

G. If you (or any predecessor in interest) sustained loss during the period of any prior insurance that you could have recovered under that insurance except the time within which to discover loss had expired: we will, as part of, not in addition to the Limit of Insurance of this Coverage, pay for it under this Coverage, provided:

(1) This Coverage became effective at the time of cancellation or termination of the prior insurance; and

(2) The loss would have been covered by this Coverage had it been in effect when the acts were committed.

(3) An amount being paid as a part of the Limit of Insurance is limited to the lesser of the amount recoverable under:

H. ERISA PLANS as a named insured under Employee Dishonesty Coverage have the following provisions without increasing the Limit of Insurance for Employee Dishonesty Coverage. These provisions are in compliance with certain provisions of the Retirement Income Security Act (ERISA).

(1) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for the Employee Dishonesty Coverage Form that is sufficient to provide an amount of insurance for each Plan that is at least equal to that required if each Plan were separately insured.

(2) If the insured first named in the Declarations is an entity other than a Plan, any payment we make to that Insured for loss sustained by any Plan will be held by that Insured for the use and benefit of the Plan(s) sustaining the loss.

(3) If two or more Plans are insured under this insurance, any payment we make for loss:

(a) Sustained by two or more Plans; or

(b) Of commingled funds or other property of two or more Plans that arises out of the occurrence, is to be shared by each Plan sustaining loss in the proportion that the amount of insurance required for each such Plan under ERISA provisions bears to the total of those amounts.

(4) The deductible provisions of the Employee Dishonesty Coverage Form does not apply to loss sustained by any Plan subject to ERISA which is insured under this insurance.

I. Recoveries, less the cost of obtaining them, made prior to settlement of loss under this Employee Dishonesty coverage, are to be credited to the loss.

J. Your duties in the event of a loss include:

- (1) After you discover a loss or a situation that may result in a loss under this Coverage, you must:
  - (a) Notify us as soon as possible with an outline of the facts as known to you.
  - (b) Do nothing after loss to impair your rights of recovery against any person or organization.
  - (c) Give us a detailed, sworn proof of loss within 90 days of our request, or 120 days after you discover a loss if we have not made a written request for a proof of loss.
  - (d) Produce for our examination all pertinent records.
  - (e) Cooperate with us in the investigation of your claim; and
  - (f) Submit to examination under oath at our request and give us a signed statement of your answers.
- (2) You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must do everything necessary to secure those rights for us.

K. We will pay up to \$1,000 to cover the costs you incur to investigate in order to prepare your proof of loss. This coverage does not increase your coverage limit and it is payable only if you have a covered claim.

L. You may not bring any legal action against us involving loss under this endorsement:

(1) Unless there has been full compliance with all of the terms of this insurance; and

(2) Unless the action is brought within two years after the date on which you discover the loss.

This insurance provides no rights or benefits to any other person or organization.

M. Distribution of recovery:

(1) Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- (a) To you, until you are reimbursed for that loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
- (b) Then to us, until we are reimbursed for the settlement made;
- (c) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

(2) Recoveries do not include any recovery:

- (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or

- (b) Of original securities after duplicates of them have been issued.

N. If more than one insured is named in the Declarations, the first named insured will act for itself and for every other insured for the purposes of this insurance.

w. Event Cancellation

We will pay the loss of business or rental value you sustain if a promotional event scheduled at a covered location is cancelled due to direct physical damage to tangible property caused by a Covered Cause of Loss anywhere in the coverage territory.

x. Lost Key

We will pay for consequential loss to keys and locks if a master key or grand master is lost or damaged resulting from a Covered Cause of Loss. We will pay for the actual cost to replace keys, adjustment of locks to accept new keys or, if required, new locks, including the cost of their installation.

The most we will pay for loss or damage under this coverage is the limit shown in the schedule above for Lost Key Coverage.

y. Lost Lease - Lessor's Interest

We will pay for loss you sustain due to the cancellation of lease contracts by your tenants when the reason for cancellation of the lease is direct physical loss or damage to the leased **premises** caused by or resulting from a Covered Cause of Loss during the policy period. However, we will not pay for loss due to the cancellation of lease contracts which do not apply to a covered location.

We will not pay for any loss caused by your cancellation of a lease, the

suspension, lapse or cancellation of any license or any other consequential loss.

The most we will pay for this coverage is:

The difference between the rents actually paid at the **described premises** and the likely **rental value** of the **described premises** which you lease for:

- (1) 12 months immediately following the **period of restoration** and ending with the normal expiration date of each cancelled lease; or
- (2) for the period beginning with the end of the **period of restoration** and ending with the normal expiration date of each cancelled lease.

The number of tenants who cancel leases will not affect the limits of insurance. The expiration date of this policy will not cut short the duration of coverage provided by this extension.

z. Off Premises Time Element

A. We will pay for loss of Business Income or Extra Expense at the described premises caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss, not on the described premises, from one of the following services:

1. Water Supply Services, meaning the following types of property supplying water to the described premises:
  - a. Pumping stations; and
  - b. Water mains.
2. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services,

to the described premises, such as:

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

It does not include overhead transmission lines.

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

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

It does not include overhead transmission lines.

- B. We will only pay for loss you sustain after the first 12 hours following the direct physical loss or damage to the off-premises property to which this endorsement applies.

aa. Off Premises Direct Damage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss, to the Utility Services property described below, not on a location described in the Declarations:

Utility Services

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

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

- 2. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:

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

It does not include overhead transmission lines.

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

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

It does not include overhead transmission lines.

bb. Tenant's Move Back Coverage

We will pay expenses incurred by you for Covered Move Back Costs of tenants who temporarily vacate a portion of a covered building property at

a covered building property at a premises described in the declarations. The vacancy must have occurred while the portion of the covered building property rented by the tenant could not be occupied due to direct physical loss or damage to your covered property caused by or resulting from any Covered Cause of Loss during the policy period. The move back must take place within 30 days after the portion of the covered building property rented by the tenant has been repaired or rebuilt and is ready for occupancy.

We will pay for Covered Move Back Costs whether or not the tenant(s) move back before the expiration date of this policy.

Covered Move Back Costs under this endorsement means documented, reasonable and necessary:

- (1) Cost of packing, insuring and carting personal property;
- (2) Costs of reestablishing electric utility services, less refunds for discontinued services;
- (3) Costs of assembling and setting up fixtures and equipment; and
- (4) Costs to unpack and reshelv stock and supplies.
- (5) Costs of rent abatement offered to the tenant(s) as an incentive to reoccupy the property.

Covered Move Back Costs does not include:

- (1) Loss caused by the termination of a lease or other agreement; or
- (2) Security deposits or other payments, forfeiture or penalties to the landlord or lessor of other premises.

This Additional Coverage does not create any Business Income coverage

under any coverage form which provides coverage for Business Income.

cc. We will pay for the actual loss of Business Income you sustain if tenantability is impaired on the date **operations** begin at a newly acquired property due to direct physical loss of or damage to property caused by or resulting from any Covered Causes of Loss occurring before you acquired the property but while the property was under **contract of sale** to you. We will pay for the actual loss of Business Income you sustain during the period that:

- (a) Begins on the date the **operations** begin at the property; and
- (b) Ends on the earlier of:
  - (i) the date the property should be repaired, rebuilt or replaced with reasonable speed and similar quality;
  - (ii) 120 days after the date determined in (1) above; or
  - (iii) the date this policy expires.

**Contract of sale** means a written contract to purchase the property with all sales contingencies described in such contract having been removed through a written notice to the seller of the property.

The most we will pay for loss under this Extension is the lesser of:

- (1) The difference between the rents actually paid at the described premises when **operations** begin at the described premises and the rental value of the described premises that would have existed if no direct physical loss or damage to the property occurred while the property was under **contract of sale** to you; or.

(2) \$10,000

- dd. Your Business Income coverage is extended to apply to described premises which were previously vacant and are now leased to a tenant, if you have not yet reported the values to us.

The most we will pay for loss under this Extension is \$10,000. This Extension is not subject to the Limits of Insurance.

This coverage ends on the earlier of:

- (1) the date you report the values to us;
- (2) 120 days from the date you lease the described premises to a tenant; or
- (3) the date this policy expires.

When you report the values to us, you will owe us additional premium from the date the described premises were leased to a tenant.

- e. Land and land values (including land on which the property is located), water, or growing crops.

All other terms and conditions of the policy remain unchanged.

#### VI. Additional Covered Property

The following is added to Section I Property. A. Coverage, Subsection 1. Covered Property, item a. Coverage A - Buildings, of Property/Liability Policy AB 90 00 12 93:

- (9) Permanently installed outdoor recreational courts or equipment;
- (10) Permanently installed outdoor swimming pools;
- (11) Retaining walls;
- (12) Underground pipes, flues, drains, cesspools or septic tanks.

#### VII. Section I Property. A. Coverage, Subsection 2. Property Not Covered, item e., of Property/Liability Policy AB 90 00 12 93, is deleted in its entirety and is replaced by the following:

*SERFF Tracking Number:* FFDC-125659117      *State:* Arkansas  
*First Filing Company:* American Automobile Insurance Company, ...      *State Tracking Number:* EFT \$50  
*Company Tracking Number:* NARAB0208  
*TOI:* 05.0 Commercial Multi-Peril - Liability & Non-      *Sub-TOI:* 05.0000 CMP Sub-TOI Combinations  
*Liability*  
*Product Name:* Real Estate Owners Extension Endorsement  
*Project Name/Number:* Real Estate Owners Extension Endorsement/NARAB0208

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: FFDC-125659117 State: Arkansas  
 First Filing Company: American Automobile Insurance Company, ... State Tracking Number: EFT \$50  
 Company Tracking Number: NARAB0208  
 TOI: 05.0 Commercial Multi-Peril - Liability & Non- Sub-TOI: 05.0000 CMP Sub-TOI Combinations  
 Liability  
 Product Name: Real Estate Owners Extension Endorsement  
 Project Name/Number: Real Estate Owners Extension Endorsement/NARAB0208

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 06/20/2008

**Comments:**

**Attachment:**

NAIC Transmittal.pdf

**Satisfied -Name:** Marked Up Form **Review Status:** Approved 06/20/2008

**Comments:**

**Attachment:**

AB9275 04 08 Marked Copy Final.pdf

**Satisfied -Name:** Explanatory Memo **Review Status:** Approved 06/20/2008

**Comments:**

**Attachment:**

ABC Explanatory Memo.pdf

**Satisfied -Name:** Actuarial Memo **Review Status:** Approved 06/20/2008

**Comments:**

**Attachment:**

ABC Actuarial Memorandum 2008.pdf

## Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b> a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

<b>3. Group Name</b>	<b>Group NAIC #</b>
Fireman's Fund Insurance Companies	0761

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Fireman's Fund Insurance Company	CA	21873	94-1610280	
National Surety Corporation	IL	21881	36-2704643	
The American Insurance Company	NE	21857	22-0731810	
Associated Indemnity Corporation	CA	21865	22-1708002	
American Automobile Insurance Compnay	MO	21849	22-1608585	

<b>5. Company Tracking Number</b>	NARAB0208
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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
	Hilary Cheda	Regulatory Analyst	(415) 899-6968	866-290-0671	hcheda@ffic.com

7. Signature of authorized filer	<i>Hilary Cheda</i>
8. Please print name of authorized filer	Hilary Cheda

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

9. Type of Insurance (TOI)	5.0
10. Sub-Type of Insurance (Sub-TOI)	5.0000
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: 07-01-2008      Renewal: 07-01-2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	06/04/2008
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

## Property & Casualty Transmittal Document—

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	NARAB0208
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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This letter is to advise the Department that in 2001 we introduced our ABC Real Estate Owners coverage extension endorsement for our Real Estate industry business. This optional endorsement was designed to be attached to our AB 90 00 Property/Liability Policy form.

At this time, we wish to revise this endorsement by adding additional items to Covered Property and Additional Coverages, which are listed below. This new revised optional extension endorsement continues to offer coverage extensions and enhancements to the AB 90 00.

Added wording to include Outdoor Recreational Courts or Equipment under the definition of Covered Property

Added wording to include Outdoor Swimming Pools under the definition of Covered Property

Added wording to include Retaining Walls under the definition of Covered Property

Added wording to include Roadways, Walks, Patios or Other Paved Surfaces under the definition of Covered Property

Added wording to include Underground Pipes, Flues, Drains, Cesspools or Septic Tanks under the definition of Covered Property

Added wording to include Utility Services Coverage – Direct Damage under the Additional Coverages

Added wording to include Business Income at locations described in the Declarations which were previously vacant and are now leased to a tenant under the Additional Coverages

Added wording to include Business Income at locations which suffer impaired tenant ability while under contract of sale to you under the Additional Coverages

Modified the reference to personal property in Tenant Move Back Coverage to clarify Move Back Costs are covered for residential tenants as well as commercial tenants

Added wording to include costs of rent abatement offered to the tenant(s) as an incentive to reoccupy the premises as a covered Tenant Move Back Cost under the Additional Coverages

The rate structure reflects a flat charge for our ABC risks and is not subject to deviation or schedule modifications. Pricing explanations are included with this filing.

Enclosed in support of this filing are the following documents:

- Explanatory Memorandum
- Actuarial Memorandum
- Real Estate Owners Extension Endorsement
- State Specific Checklists

We look forward to the Department's acknowledgement of this filing to become effective July 1, 2008.

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

**Check #:**  
**Amount:**

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

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

PC TD-1 pg 2 of 2

**American Business Coverage Real Estate Owners Extension Endorsement AB 92 75**  
**03-01 04 08**

Insured:

Policy Number:

Producer:

Effective Date:

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

**American Business Coverage**

**Schedule of Coverages not subject to the Blanket Limit of Insurance**

Depositors Forgery*	\$25,000
Extended Period of Indemnity	
Foundations	
<u>Impaired Tenantability Under Contract of Sale</u>	<u>\$10,000</u>
Lost Key	\$5,000
Money and Securities*	\$25,000
Money Orders and Counterfeit Money*	\$25,000
<u>Newly Tenanted Property</u>	<u>\$10,000</u>
<u>Outdoor Recreational Courts or Equipment</u>	
<u>Outdoor Swimming Pools</u>	
Personal Effects*	\$5,000
<u>Retaining Walls</u>	
<u>Roadways, Walks, Patios or Other Paved Surfaces</u>	
<u>Underground Pipes, Flues, Drains, Cesspools or Septic Tanks</u>	

**Schedule of Coverages subject to the \$500,000 Blanket Limit of Insurance**

Coverage Description	Sub-Limits of Insurance	Additional Limits
Accounts Receivable*		
Business Personal Property - Off Premises*		
Computer Equipment, Media, Data and Programs*		
Contract Penalty		
Cost of Expediting*		
Cost of Inventory, Appraisal or Adjustment*		
Employee Dishonesty	\$25,000	
Event Cancellation		
Fire Department Service Charge*		
Fire Protection Devices*		
Income Support Properties*		
Lost Lease		
Newly Acquired Buildings*		
<u>Off Premises Direct Damage</u>		
Off Premises Time Element		
Outdoor Property: Trees, Shrubs, Plants and Lawns*		
Property of Others*		
Tenant Move Back		
Valuable Papers and Records*		
Refer to AB 9000 for coverage conditions		

(If no entry appears above, information required to complete this Endorsement will be shown in the Declarations as applicable to this Endorsement.)

I. Schedule of Coverages not subject to the Blanket Limit of Insurance

- A. For all coverages with specified sub-limits in the **Schedule of Coverages not subject to the Blanket Limit of Insurance** shown above; the most we will pay in any single occurrence is the specified sub-limit for the scheduled coverage item.
- B. The limits stated in this endorsement replace any other limits for all coverages in the **Schedule of Coverages not subject to the Blanket Limit of Insurance** provided under the Property/Liability policy AB 90 00 12 93 to which this endorsement is attached.

II. Schedule of Coverages Subject to the Blanket Limit of Insurance

A. \$500,000 Blanket limit of Insurance

A \$500,000 combined **Blanket Limit of Insurance** applies in each occurrence to all coverages described in the **Schedule of Coverages subject to the Blanket Limit of Insurance** shown above. You may elect to apportion the \$500,000 **Blanket Limit of Insurance** to a single coverage or between any combination of coverages for loss in each occurrence. However, regardless of how the **Blanket Limit of Insurance** is apportioned or the number of locations involved the most we will pay in any single occurrence is \$500,000.

This **Blanket Limit of Insurance** does not apply to any other coverages provided by this contract.

B. Specified Sub-Limits

For all coverages with specified sub-limits in the **Schedule of Coverages subject to the Blanket Limit of Insurance** shown above, the most we will pay in any single occurrence is

the specified sub-limit for the scheduled coverage item. Any specified sub-limits are included within the **Blanket Limit of Insurance** and do not increase the \$500,000 **Blanket Limit of Insurance**.

- C. Additional Limits of Insurance  
Additional Limits of Insurance may be purchased for each of the coverages listed above. If purchased, these Additional Limits of Insurance will be designated in the **Schedule of Coverages subject to the Blanket Limit of Insurance**, and will apply in addition to whatever amount you have otherwise apportioned to that coverage under the **Blanket Limit of Insurance**.

The limits stated in this endorsement replace any other limits for all coverages in the **Schedule of Coverage subject to the Blanket Limit of Insurance** provided under the Property/Liability policy AB 90 00 12 93 to which this endorsement is attached.

- III. Section I Property, A. Coverage, Subsection 2. Property Not Covered, item i., of Property/Liability Policy - AB 90 00 12 93, is deleted in its entirety.

- IV. Section I Property, A.5. Additional Coverages, item g. of Property/Liability Policy - AB 90 00 12 93, is deleted in its entirety and is replaced by the following:

g. Business Income

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your **operations during the period of restoration**. We will also pay for the actual loss of Business Income you incur during the period that:

- (1) Begins on the date property is actually repaired, rebuilt or

replaced and operations are resumed; and

(2) Ends on the earlier of:

(a) The date you could restore operations with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or

(b) 365 consecutive days after the date determined in (1) above.

But we will not pay for any loss of Business Income beyond 24 consecutive months after the date of direct physical loss or damage.

The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Causes of Loss.

**Business Income** means the:

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

(2) Continuing normal operating expenses incurred, including payroll.

**Business Income Extension**

Your Business Income coverage is extended to apply to property at any location you acquire other than fairs or exhibitions. The most we will pay for loss under this Extension is \$10,000. This additional coverage is not subject to the Limits of Insurance.

**Business Income Exclusions**

We will not pay for:

(1) Any increase of Business Income 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**.

(2) Any other consequential loss.

#### V. Additional Coverage

The following is added to Property-Liability Policy - AB 90 00 12 93, Section I - Property Coverages, A. Coverage, 5. Additional Coverages:

##### u. Contract Penalty

We will pay the contractual penalties you are required to pay to your customers as a result of any clause in your written contracts with such customers imposing such penalties for failure to timely deliver your product according to the contract terms. The failure to timely deliver must result solely from direct physical loss or damage by a Covered Cause of Loss.

##### v. Employee Dishonesty Coverage

A. We will pay for direct physical loss of covered property resulting from dishonest or fraudulent acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) while they work for you and for

30 days after they leave your employment.

We will pay for loss of or damage to money, securities and other property resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the premises or banking premises; to a person (other than a messenger) outside those premises; or to a place outside those premises.

We will pay for loss of funds resulting directly from a fraudulent instruction directing a financial institution to transfer, pay or deliver funds from your transfer account.

The property covered is:

- (1) Money;
- (2) Securities;
- (3) Other property that is tangible and has an intrinsic value which you own, hold, or for which you are legally liable.

B. An employee is a natural person who is subject to your direction and control. Independent contractors or agents or representatives of the same general character are not employees.

If you are a non-profit organization, employee does include any non-compensated natural person, other than a fund solicitor, while performing services for you that are usual to the duties of an employee.

C. The dishonest or fraudulent act(s) must be committed within the Coverage period and with the manifest intent to:

- (1) Cause you to sustain loss or damage; and also

- (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotional awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:

- (a) Any employee; or

- (b) Any other person or organization.

D. We will pay only for covered loss discovered within 90 days after the end of the Coverage period or cancellation date of this insurance.

E. We will not pay for loss, or any part of any loss:

- (1) The proof of which is dependent upon either:

- (a) An inventory computation; or

- (b) A profit and loss computation.

- (2) Resulting from any act of any employee after the time that you, or any of your partners or officers have discovered or have knowledge of any dishonest act by that employee committed by that employee before or after being hired by you.

- (3) Which is an indirect result of any dishonest or fraudulent act including loss:

- (a) Which relates to your inability to earn income.

- (b) Which is a penalty, or interest payment.

- (c) Which is an expense related to any legal action.

- F. If you have made a timely discovery and timely claim on more than one policy we or any affiliate has issued to you or any affiliate of yours, the most we will pay is the largest limit payable on any one policy.

An occurrence, means all loss caused by any employee or in which that person is involved, whether all loss involved one or more acts of dishonesty even when more than one employee is involved.

All loss caused by an unidentifiable employee(s) is one occurrence unless there is proof that no one employee could have been involved in all of the loss. Involved means to have had an effect on.

- G. If you (or any predecessor in interest) sustained loss during the period of any prior insurance that you could have recovered under that insurance except the time within which to discover loss had expired: we will, as part of, not in addition to the Limit of Insurance of this Coverage, pay for it under this Coverage, provided:

- (1) This Coverage became effective at the time of cancellation or termination of the prior insurance; and
- (2) The loss would have been covered by this Coverage had it been in effect when the acts were committed.
- (3) An amount being paid as a part of the Limit of Insurance is limited to the lesser of the amount recoverable under:
  - (a) This Coverage as of its effective date; or
  - (b) The prior insurance had it remained in effect.

- H. ERISA PLANS as a named insured under Employee Dishonesty Coverage have the following provisions without increasing the Limit of Insurance for Employee Dishonesty Coverage. These provisions are in compliance with certain provisions of the Retirement Income Security Act (ERISA).

- (1) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for the Employee Dishonesty Coverage Form that is sufficient to provide an amount of insurance for each Plan that is at least equal to that required if each Plan were separately insured.
- (2) If the insured first named in the Declarations is an entity other than a Plan, any payment we make to that Insured for loss sustained by any Plan will be held by that Insured for the use and benefit of the Plan(s) sustaining the loss.
- (3) If two or more Plans are insured under this insurance, any payment we make for loss:
  - (a) Sustained by two or more Plans; or
  - (b) Of commingled funds or other property of two or more Plans that arises out of the occurrence, is to be shared by each Plan sustaining loss in the proportion that the amount of insurance required for each such Plan under ERISA provisions bears to the total of those amounts.
- (4) The deductible provisions of the Employee Dishonesty Coverage Form does not apply to loss sustained by any Plan subject to ERISA which is insured under this insurance.

I. Recoveries, less the cost of obtaining them, made prior to settlement of loss under this Employee Dishonesty coverage, are to be credited to the loss.

J. Your duties in the event of a loss include:

- (1) After you discover a loss or a situation that may result in a loss under this Coverage, you must:
  - (a) Notify us as soon as possible with an outline of the facts as known to you.
  - (b) Do nothing after loss to impair your rights of recovery against any person or organization.
  - (c) Give us a detailed, sworn proof of loss within 90 days of our request, or 120 days after you discover a loss if we have not made a written request for a proof of loss.
  - (d) Produce for our examination all pertinent records.
  - (e) Cooperate with us in the investigation of your claim; and
  - (f) Submit to examination under oath at our request and give us a signed statement of your answers.
- (2) You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must do everything necessary to secure those rights for us.

K. We will pay up to \$1,000 to cover the costs you incur to investigate in order to prepare your proof of loss. This coverage does not increase your coverage limit and it is payable only if you have a covered claim.

L. You may not bring any legal action against us involving loss under this endorsement:

- (1) Unless there has been full compliance with all of the terms of this insurance; and
- (2) Unless the action is brought within two years after the date on which you discover the loss.

This insurance provides no rights or benefits to any other person or organization.

M. Distribution of recovery:

- (1) Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:
  - (a) To you, until you are reimbursed for that loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
  - (b) Then to us, until we are reimbursed for the settlement made;
  - (c) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
- (2) Recoveries do not include any recovery:
  - (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
  - (b) Of original securities after duplicates of them have been issued.

N. If more than one insured is named in the Declarations, the first named insured will act for itself and for every other insured for the purposes of this insurance.

w. Event Cancellation

We will pay the loss of business or rental value you sustain if a promotional event scheduled at a covered location is cancelled due to direct physical damage to tangible property caused by a Covered Cause of Loss anywhere in the coverage territory.

x. Lost Key

We will pay for consequential loss to keys and locks if a master key or grand master is lost or damaged resulting from a Covered Cause of Loss. We will pay for the actual cost to replace keys, adjustment of locks to accept new keys or, if required, new locks, including the cost of their installation.

The most we will pay for loss or damage under this coverage is the limit shown in the schedule above for Lost Key Coverage.

y. Lost Lease - Lessor's Interest

We will pay for loss you sustain due to the cancellation of lease contracts by your tenants when the reason for cancellation of the lease is direct physical loss or damage to the leased **premises** caused by or resulting from a Covered Cause of Loss during the policy period. However, we will not pay for loss due to the cancellation of lease contracts which do not apply to a covered location.

We will not pay for any loss caused by your cancellation of a lease, the suspension, lapse or cancellation of any license or any other consequential loss.

The most we will pay for this coverage is:

The difference between the rents actually paid at the **described premises** and the likely **rental value** of the **described premises** which you lease for:

- (1) 12 months immediately following the **period of restoration** and ending with the normal expiration date of each cancelled lease; or
- (2) for the period beginning with the end of the **period of restoration** and ending with the normal expiration date of each cancelled lease.

The number of tenants who cancel leases will not affect the limits of insurance. The expiration date of this policy will not cut short the duration of coverage provided by this extension.

z. Off Premises Time Element

A. We will pay for loss of Business Income or Extra Expense at the described premises caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss, not on the described premises, from one of the following services:

1. Water Supply Services, meaning the following types of property supplying water to the described premises:
  - a. Pumping stations; and
  - b. Water mains.
2. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:

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

It does not include overhead transmission lines.

- 3. Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:
  - a. Utility generating plants;
  - b. Switching stations;
  - c. Substations;
  - d. Transformers; and
  - e. Transmission lines.

It does not include overhead transmission lines.

- B. We will only pay for loss you sustain after the first 12 hours following the direct physical loss or damage to the off-premises property to which this endorsement applies.

aa. Off Premises Direct Damage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss, to the Utility Services property described below, not on a location described in the Declarations:

Utility Services

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

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

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

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

It does not include overhead transmission lines.

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

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

It does not include overhead transmission lines.

aabb. Tenant's Move Back Coverage

We will pay expenses incurred by you for Covered Move Back Costs of tenants who temporarily vacate a portion of a covered building property at a covered building property at a

premises described in the declarations. The vacancy must have occurred while the portion of the covered building property rented by the tenant could not be occupied due to direct physical loss or damage to your covered property caused by or resulting from any Covered Cause of Loss during the policy period. The move back must take place within 30 days after the portion of the covered building property rented by the tenant has been repaired or rebuilt and is ready for occupancy.

We will pay for Covered Move Back Costs whether or not the tenant(s) move back before the expiration date of this policy.

Covered Move Back Costs under this endorsement means documented, reasonable and necessary:

- (1) Cost of packing, insuring and carting **business** personal property;
- (2) Costs of reestablishing electric utility services, less refunds for discontinued services;
- (3) Costs of assembling and setting up fixtures and equipment; and
- (4) Costs to unpack and reshelv stock and supplies.
- (5) Costs of rent abatement offered to the tenant(s) as an incentive to reoccupy the property.

Covered Move Back Costs does not include:

- (1) Loss caused by the termination of a lease or other agreement; or
- (2) Security deposits or other payments, forfeiture or penalties to the landlord or lessor of other premises.

This Additional Coverage does not create any Business Income coverage

under any coverage form which provides coverage for Business Income.

cc. We will pay for the actual loss of Business Income you sustain if tenantability is impaired on the date **operations** begin at a newly acquired property due to direct physical loss of or damage to property caused by or resulting from any Covered Causes of Loss occurring before you acquired the property but while the property was under **contract of sale** to you. We will pay for the actual loss of Business Income you sustain during the period that:

(a) Begins on the date the **operations** begin at the property; and

(b) Ends on the earlier of:

(i) the date the property should be repaired, rebuilt or replaced with reasonable speed and similar quality;

(ii) 120 days after the date determined in (1) above; or

(iii) the date this policy expires.

**Contract of sale** means a written contract to purchase the property with all sales contingencies described in such contract having been removed through a written notice to the seller of the property.

The most we will pay for loss under this Extension is the lesser of:

- (1) The difference between the rents actually paid at the described premises when **operations** begin at the described premises and the rental value of the described premises that would have existed if no direct physical loss or damage to the property occurred while the property was under **contract of sale** to you; or.

(2) \$10,000

dd. Your Business Income coverage is extended to apply to described premises which were previously vacant and are now leased to a tenant, if you have not yet reported the values to us.

The most we will pay for loss under this Extension is \$10,000. This Extension is not subject to the Limits of Insurance.

This coverage ends on the earlier of:

(1) the date you report the values to us;

(2) 120 days from the date you lease the described premises to a tenant; or

(3) the date this policy expires.

When you report the values to us, you will owe us additional premium from the date the described premises were leased to a tenant.

e. Land and land values (including land on which the property is located), water, or growing crops.

All other terms and conditions of the policy remain unchanged.

#### VI. Additional Covered Property

The following is added to Section I Property. A. Coverage, Subsection 1. Covered Property, item a. Coverage A - Buildings, of Property/Liability Policy AB 90 00 12 93:

(9) Permanently installed outdoor recreational courts or equipment;

(10) Permanently installed outdoor swimming pools;

(11) Retaining walls;

(12) Underground pipes, flues, drains, cesspools or septic tanks.

VII. Section I Property. A. Coverage, Subsection 2. Property Not Covered, item e., of Property/Liability Policy AB 90 00 12 93, is deleted in its entirety and is replaced by the following:

## ABC Real Estate Owners Extension Endorsement Explanatory Memorandum

### Overview

**Note: the ensuing descriptions of coverage are provided for your information in order to facilitate review of our filing. The terms, conditions, and exclusions of the actual policy, form the actual contract between the insured and the insurance company.**

We introduced our ABC Real Estate Owners coverage extension endorsement in 2001 for our Real Estate industry business. This optional endorsement was designed to be attached to our AB 90 00 Property/Liability Policy form.

We wish to now update this endorsement to add seven additional items to Covered Property and to Additional Coverages. Note: the limits in the Schedule on this endorsement are the automatic or default limits. Our automated policy writing system will print the limits on a separate schedule.

This extension endorsement is offered as coverage extensions and enhancements to the AB 90 00 that will be offered as an optional coverage to our insured. Primary coverage is not impacted if an insured does not wish to purchase the coverage. The rate structure reflects a flat charge for our ABC risks and is not subject to deviation or schedule modifications.

The following describes the updates:

- Added wording to include Outdoor Recreational Courts or Equipment under the definition of Covered Property
- Added wording to include Outdoor Swimming Pools under the definition of Covered Property
- Added wording to include Retaining Walls under the definition of Covered Property
- Added wording to include Roadways, Walks, Patios Or Other Paved Surfaces under the definition of Covered Property
- Added wording to include Underground Pipes, Flues, Drains, Cesspools or Septic Tanks under the definition of Covered Property
- Added wording to include Utility Services Coverage - Direct Damage under the Additional Coverages
- Added wording to include Business Income at locations described in the Declarations which were previously vacant and are now leased to a tenant under the Additional Coverages
- Added wording to include Business Income at locations which suffer impaired tenantability while under contract of sale to you under the Additional Coverages
- Modified the reference to personal property in Tenant Move Back Coverage to clarify Move Back Costs are covered for residential tenants as well as commercial tenants
- Added wording to include costs of rent abatement offered to the tenant(s) as an incentive to reoccupy the premises as a covered Tenant Move Back Cost under the Additional Coverages

Updated ABC manual pages along with the pricing explanations are included with this filing.

## **American Business Coverage Real Estate Owners Extension Endorsement Actuarial Memorandum**

The proposed American Business Coverage Real Estate Owners property extension endorsement bundles a number coverages into one form at a flat premium charge. Coverage limits are provided in one of three methods:

- 18 coverages are subject to a \$500,000 blanket limit of insurance
- Seven have specific dollar limits of insurance
- Seven are extensions of existing coverage subject to the Building limit

24 coverages are already provided in the current form, our revised form adds these seven coverages:

- Impaired Tenantability Under Contract of Sale
- Newly Tenanted Property
- Outdoor Recreational Courts or Equipment
- Outdoor Swimming Pools
- Retaining Walls
- Roadways, Walks, Patios or Other Paved Surfaces
- Underground Pipes, Flues, Drains, Cesspools or Septic Tanks

The premium charges for the new coverage extensions do not impact the existing premium charge as they merely add exposure to the base Real Estate Extension Endorsement. We are estimating that the additional exposure of these seven new coverages is minimal and that by bundling the coverage into our existing coverage form we can keep the cost increase to a reasonable level.

We propose raising the current filed flat premium charge for this endorsement by \$50, we believe this increase is sufficient to cover the additional exposures to loss posed by these new coverages.

We will monitor premium and loss experience for this revised coverage form and in the future adjust the flat premium charge to reflect that experience.