

SERFF Tracking Number: AMRS-125807494 State: Arkansas
 First Filing Company: AMERISURE MUTUAL INSURANCE State Tracking Number: EFT \$20
 COMPANY, ...
 Company Tracking Number: AR-2008 OVERHAUL FORM CHANGES
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied
 Lines)
 Product Name: COMMERCIAL PROPERTY
 Project Name/Number: /

Filing at a Glance

Companies: AMERISURE MUTUAL INSURANCE COMPANY, AMERISURE INSURANCE COMPANY
 Product Name: COMMERCIAL PROPERTY SERFF Tr Num: AMRS-125807494 State: Arkansas
 TOI: 01.0 Property SERFF Status: Closed State Tr Num: EFT \$20
 Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines) Co Tr Num: AR-2008 OVERHAUL FORM CHANGES State Status: Fees verified and received
 Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins
 Author: Yvonne Johnson Disposition Date: 09/11/2008
 Date Submitted: 09/11/2008 Disposition Status: Approved
 Effective Date Requested (New): 11/01/2008 Effective Date (New): 11/01/2008
 Effective Date Requested (Renewal): 11/01/2008 Effective Date (Renewal): 11/01/2008

State Filing Description:

General Information

Project Name: Status of Filing in Domicile: Authorized
 Project Number: Domicile Status Comments:
 Reference Organization: N/A Reference Number: N/A
 Reference Title: N/A Advisory Org. Circular: N/A
 Filing Status Changed: 09/11/2008
 State Status Changed: 09/11/2008 Deemer Date:
 Corresponding Filing Tracking Number:
 Filing Description:

Amerisure Mutual Insurance Company and Amerisure Insurance Company would like to replace two previously filed and approved forms that required minor revisions.

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CP 73 07 02 08-Advantage Commercial Property Coverage Part

Was revised to include the word "Part" in the title and changed the exclusion letter reference from "k" to "i" on page 31 of this manual.

CP 74 45 02 08-Contractor's Advantage Program Commercial Property Coverage Part

Was revised to include the word "Part" in the title and changed the exclusion letter reference from "k" to "i" on page 30 of this manual.

The previously approved filing was filed in SERFF under AMRS-125732120 and state filing number EFT\$50.

There is no premium impact with this request.

Company and Contact

Filing Contact Information

Yvonne Johnson, Compliance Analyst I yvjohnson@amerisure.com
 26777 Halsted Rd. (800) 257-1900 [Phone]
 Farmington Hills, MI 48331 (248) 426-7789[FAX]

Filing Company Information

AMERISURE MUTUAL INSURANCE COMPANY 26777 HALSTED RD. FARMINGTON HILLS, MI 48331-2060 (800) 257-1900 ext. 54270[Phone]	CoCode: 23396 Group Code: 124 Group Name: AMERISURE INSURANCE FEIN Number: 38-0829210 -----	State of Domicile: Michigan Company Type: PROPERTY & CASUALTY State ID Number:
AMERISURE INSURANCE COMPANY 26777 HALSTED RD. FARMINGTON HILLS, MI 48331-2060	CoCode: 19488 Group Code: 124 Group Name: AMERISURE INSURANCE	State of Domicile: Michigan Company Type: PROPERTY & CASUALTY State ID Number:

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(800) 257-1900 ext. 54270[Phone] FEIN Number: 38-1869912

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Filing Fees

Fee Required? Yes
Fee Amount: \$20.00
Retaliatory? No
Fee Explanation: \$20.00 FOR CORRECTIONS
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
AMERISURE MUTUAL INSURANCE COMPANY	\$20.00	09/11/2008	22426451
AMERISURE INSURANCE COMPANY	\$0.00	09/11/2008	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	09/11/2008	09/11/2008

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Disposition

Disposition Date: 09/11/2008
Effective Date (New): 11/01/2008
Effective Date (Renewal): 11/01/2008
Status: Approved
Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

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

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	COVER LETTER	Approved	Yes
Supporting Document	COMPARISON	Approved	Yes
Form	CONTRACTOR'S ADVANTAGE PROGRAM COMMERCIAL PROPERTY COVERAGE PART	Approved	Yes
Form	ADVANTAGE COMMERCIAL PROPERTY COVERAGE PART	Approved	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	CONTRACTOR'S ADVANTAGE PROGRAM COMMERCIAL PROPERTY COVERAGE PART	SCP 74 45 02 08 REVISED	02 08	Endorsement/Amendment/Conditions	Replaced Form #:0.00 CP 74 45 02 08 Previous Filing #: AMRS- 125732120		CP 74 45 02 08 Revised.pdf
Approved	ADVANTAGE COMMERCIAL PROPERTY COVERAGE PART	CP 73 07 02 08 REVISED	02 08	Endorsement/Amendment/Conditions	Replaced Form #:0.00 CP 73 07 02 08 Previous Filing #: AMRS 125732120		CP 73 07 02 08 Revised.pdf

CONTRACTOR'S ADVANTAGE PROGRAM COMMERCIAL PROPERTY COVERAGE PART

PART ONE - BUILDING AND PERSONAL PROPERTY COVERAGE

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 premises described 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 type 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 1000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.
- (6) The following while located on your described premises:
 - (a) Antennas, satellite dishes and other communication equipment necessary to operate your business as a contractor; and
 - (b) Signs, whether or not attached to buildings or structures.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises, 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;

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- (2) Machinery and equipment;
 - (3) "Stock";
 - (4) All other personal property owned by you and used in your business, including computers;
 - (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 for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.
- 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 1000 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, food stamps or other evidences of debt, money, notes or securities except as provided for and defined in Additional Coverage (h.) Money and Securities of this Coverage Form. 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 except as respects off premises or transit coverage as provided in the Additional Coverages or Coverage Extensions of this Form or the Causes of Loss—Special Form.
- 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;

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- n. Electronic data, except as provided under the 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) Fences, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See **Part Two: Special Causes Of Loss.**

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), 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) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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- (4) We will pay up to an additional \$50,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$50,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example #1

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$50,000
Amount of Loss Payable	\$49,500
	(\$50,000 - \$500)
Debris Removal Expense	\$10,000
Debris Removal Expense Payable	\$10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example #2

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$80,000
Amount of Loss Payable	\$79,500
	(\$80,000 - \$500)
Debris Removal Expense	\$30,000
Debris Removal Expense Payable	
Basic Amount	\$10,500
Additional Amount	\$19,500

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

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The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$19,500, which is less than the \$50,000 maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is the full cost of \$30,000.

b. Preservation Of Property

If it is necessary to move Covered Property from the described 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 90 days after the property is first moved. We will also pay your expenses up to \$5,000 to move covered property from the described premises to preserve it from loss or damage by a covered cause of loss.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay 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. Amounts paid under this coverage are in addition to the Limits of Insurance.

d. Pollutant Clean Up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from 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 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 \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy. Amounts paid under this coverage are in addition to the Limits of Insurance.

e. Ordinance or Law

(1) **Each Coverage** – For Coverage (A), Coverage (B) and Coverage (C) the maximum we will pay for loss or damage under this provision is \$250,000 in any one occurrence.

(2) **Coverage Applies:**

Coverage applies only if both (2) (a) and (2) (b) are satisfied and are then subject to the qualifications set forth in (2)(c).

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

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But coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

- (b) (i) The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
 - (ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.
 - (iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this section even if the building has also sustained covered direct physical damage.
- (c) In the situation described in (2) (b) (ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this section. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss, up to the \$250,000, otherwise payable under the terms of Coverages **(A)**, **(B)**, and/or **(C)**.

- (3) We will not pay under Coverage **(A)**, **(B)**, or **(C)** of this form for:
- (a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(4) Coverage

(a) Coverage (A) – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **(A)** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage (B) – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

(c) Coverage (C) – Increased Cost of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

1. Repair or reconstruct damaged portions of that building; and/or

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2. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

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

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

(ii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c) (i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i)**.

1. The cost of excavations, grading, backfilling and filling;
2. Foundation of the building;
3. Pilings; and
4. Underground pipes, flues and drains.

The items listed in **(ii) 1** through **(ii) 4** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c) (ii)**.

(5) Loss Payment

- (a)** All following loss payment Provisions, **(5)(b)** through **(5)(d)**, are subject to the apportionment procedures set forth in Section **e.(2)(c)** of this Additional Coverage.
- (b)** When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - (i)** If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 1. The amount you would 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
 2. The Limit of Insurance shown in the Declarations as applicable to the covered building.
 - (ii)** If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:
 1. The actual cash value of the building at the time of loss; or
 2. The Limit of Insurance shown in the Declarations as applicable to the covered building.
- (c)** Loss payment under Coverage **B**. Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

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

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- (ii) The Limit stated in e.(1).
- (d) Loss payment under Coverage **C** – Increased Cost of Construction Coverage will be determined as follows:
 - (i) We will not pay under Coverage **C**:
 1. Until the property is actually repaired or replaced, at the same or another premises; and
 2. Unless the repairs or replacement 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.
 - (ii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **C** is the lesser of:
 1. The increased cost of construction at the same premises or;
 2. The Limit specified in e.(1).
 - (iii) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **C** is the lesser of:
 1. The increased cost of construction at the new premises
 2. The Limit specified in e. (1).
- (6) The terms of this additional coverage apply separately to each building to which this section applies.
- (7) Under this additional coverage we will not pay for loss due to any ordinance or law that:
 - (a) You were required to comply with before the loss, even if the building was undamaged; and
 - (b) You failed to comply with.
- f. **Electronic Data (Other than Accounts Receivable)**
 - (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered – Electronic Data, but does not include Accounts Receivable as provided below in this Form.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data, which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
 - (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage – Electronic Data, subject to the following:
 - (a) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Electronic Data.
 - (b) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
 - (c) For purposes of this Additional Coverage only, the Causes of Loss are extended to include Electrical Injury and Mechanical Breakdown.

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Electrical injury means any direct physical loss or damage to Electronic Data caused by or resulting from sudden and accidental short circuit, blow-out or other electrical disturbance, other than lightning, due to power failure, power surge, overload or any other similar disturbance that:

- (i) Occurs within electrical or Electronic Data Processing Equipment, apparatus or devices, including wiring; and
- (ii) Originates at a location specified on the Declarations page or within 1000 feet from the building containing the electrical or Electronic Data Processing Equipment, apparatus or devices.

Mechanical Breakdown means direct physical loss or damage to Electronic Data caused by or resulting from its sudden and accidental mechanical breakdown. The breakdown must manifest itself by physical damage to the Electronic Data, which necessitates repair or replacement.

- (4) The most we will pay under this Additional Coverage – Electronic Data is \$100,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

g. Extra Expense

We will pay the necessary extra expenses you incur due to a continuation of your normal operations in a temporary location or with temporary property due to loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss at any location described in the Declarations.

We will pay the costs over and above your Normal Operating Expenses which you incur that enable you to continue the operation of your business at a temporary location or with temporary equipment and only for the time reasonably necessary to repair or replace the damaged or destroyed Covered Property.

In calculating what we will pay for Extra Expenses, we will examine your books, records and accounts to determine what your Normal Operating Expenses would have been for the same period.

Normal Operating Expenses mean costs you would have incurred had no loss occurred. These costs are determined for the period of time, which begins as of the date of loss, but is not limited to the expiration date of the policy.

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

- (1) Interference at the premises by strikers or other persons causing a delay in rebuilding, repairing or replacing the property or resuming operations; or
- (2) 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 causes you Extra Expense during the “period of restoration” and any extension of the “period of restoration” in accordance with the terms of the Extra Expense Coverage.

The most we will pay under this ADDITIONAL COVERAGE is \$20,000 for any one “occurrence” during the policy period. Amounts paid under this coverage are in addition to the Limits of Insurance.

h. Money and Securities

We will pay your expenses incurred due to direct physical loss, damage or destruction of Money and Securities caused by or resulting from a Covered Cause of Loss when the Money and Securities are:

- (1) On the premises. This means:
 - (a) The premises stated in the Declarations; or

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- (b) On the premises of a financial institution; or
 - (c) On the premises of a recognized place of safe deposit.
- (2) Off the premises. This means:
- (a) In an armored vehicle; or
 - (b) In the possession of any person authorized by you; but not while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company.

Money is defined as currency, coins, bank notes, in current use and having a face value; and travelers checks, register checks and money orders held for sale to the public.

Securities are defined as negotiable and nonnegotiable instruments or contracts representing either money or property and includes:

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

But does not include "money" or lottery tickets held for sale.

The most we will pay for loss under this ADDITIONAL COVERAGE in any one "occurrence" during the policy period is \$10,000 per premises described on the Declarations and \$10,000 off the premises. Amounts paid under this coverage are in addition to the Limits of Insurance. We will pay the cost to replace the Money when loss occurs to Money. When loss to Securities occurs, we will pay the "Actual Cash Value" of the Securities at the end of the last business day before the loss is discovered or the actual cost of replacing the Securities, whichever is less. We will not cover loss of income, interest or dividends that occur as a result of a covered loss.

i. Inventory or Appraisals

We will pay the expenses you incur for a necessary inventory or appraisal that we require to assess values or determine the extent of damage after loss or damage to Covered Property by a Covered Cause of Loss at any location described in the Declarations. These expenses are in addition to the Limits of Insurance.

j. Accounts Receivable

We will pay for expenses you incur due to direct physical loss or damage to your accounts receivable records (including those recorded as Electronic Data) caused by or resulting from a Covered Cause of Loss at a location described on the Declarations.

- (1) The expenses we will pay include:
- (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 accounts receivable records.
- (2) We will not pay expenses for loss or damage under this ADDITIONAL COVERAGE caused by or resulting from any of the following:
- (a) Bookkeeping, accounting or billing errors or omissions; or
 - (b) Electrical or magnetic injury, disturbance or erasure of Electronic Data records, except as a result of a direct loss caused by lightning.

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The most we will pay for direct physical loss or damage to Accounts Receivable records under this ADDITIONAL COVERAGE is \$50,000 at any one location described on the Declarations page (or within 1,000 feet of the described premises), or \$25,000 while these records are in transit, for any one "occurrence" during the policy period. These payments are in addition to the Limits of Insurance.

(3) Loss payment will be determined as follows:

- (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 occurred; 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.
- (b)** The following will be deducted from the total amount of Accounts Receivable, regardless of how 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.

Electronic data as used in this ADDITIONAL COVERAGE has the meaning described under Property Not Covered – Electronic Data.

k. Reward Coverage

We will reimburse you for amounts you have offered and paid as reward(s), which have led to:

- (1)** The successful return of undamaged stolen Covered Property to a law enforcement agency; or
- (2)** The arrest and conviction of any person(s) who have damaged or stolen any of your Covered Property.

We will pay 100% of the covered reward payment up to a maximum of \$25,000 or the amount of the payable loss if less. Amounts paid under this coverage are in addition to the Limits of Insurance. These Reward payments must be documented. No deductible applies to this ADDITIONAL COVERAGE.

l. Fire Protective Systems Discharge

If the fire protective equipment at your covered location discharges accidentally or is activated by a Covered Cause of Loss, you may extend the insurance that applies to Your Business Personal Property to apply to your costs to:

- (1)** Refill or recharge the system with the extinguishing agent(s) that were discharged; and
- (2)** Replace or repair faulty valves or controls which caused the discharge.

The most we will pay under this ADDITIONAL COVERAGE is \$100,000 for any one "occurrence" during the policy period. Amounts paid under this coverage are in addition to the Limits of Insurance.

m. Utility Services

We will pay for loss of or damage to Covered Property, caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the property described below.

Loss or damage to Covered Property does not apply to loss or damage to electronic data, including destruction or corruption of electronic data.

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(1) Water Supply Services

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.

The most we will pay under this ADDITIONAL COVERAGE and under the Business Income Coverage Form, if applicable, is \$25,000 for any one "occurrence" during the policy period.

n. Deferred Payments

We will pay for expenses you incur caused by a Covered Cause of Loss to Personal Property in which you have an interest, but which has been sold by you under a conditional sale or trust agreement, or any installment or deferred payment plan after delivery to buyers.

In the event of a loss, coverage will be paid based on the value of the amount shown on your books as due from the buyer. In cases of partial loss and the buyer refuses to continue payment, forcing you to repossess, coverage will be valued as follows:

- (1)** If the realized value of the repossessed property is greater than or equal to the amount shown on your books as due from the buyer, we will make no payment.
- (2)** If the realized value of the repossessed property is less than the amount shown on your books as due from the buyer, we will pay the difference.
- (3)** If partial loss occurs and the buyer continues to pay you, there will be no loss payment.

The most we will pay for loss under this ADDITIONAL COVERAGE is \$10,000 in any one "occurrence" during the policy. This amount is part of and not in addition to the Limits of Insurance.

o. Tenant's Building Glass

We will pay for direct physical loss of or damage to building glass at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss, provided that:

- (a)** You are a tenant of the building; and
- (b)** You have a contractual responsibility to insure the building glass, or a contractual responsibility to pay for loss or damage to that property.

If required by law, glass is covered at the cost of replacement with safety glazing material.

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The most we will pay in any one occurrence under this Additional Coverage is the limit of insurance shown in the Declarations for Your Business Personal Property for the premises at which the loss or damage occurred.

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

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

The most we will pay for loss or damage under this EXTENSION is 50% of the Limit of Insurance for Building shown in the Declarations, but not more than \$1,000,000 at each building.

(2) Your Business Personal Property

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

The most we will pay for loss or damage under this EXTENSION is 25% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$500,000 at each building.

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

(3) Period Of Coverage

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

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

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

b. 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 members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$15,000 at each described premises, but not more than \$2500 per any one covered person. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

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

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records, which exist as electronic data or to Accounts Receivable. Electronic data has the meaning described under Property Not Covered – Electronic Data.
- (2) Under this Extension, the most we will pay to replace or restore the lost information is \$50,000 at each described premises, unless a higher limit is shown in the Declarations. Amounts paid under this coverage are in addition to the Limits of Insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-Premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own or operate;
 - (b) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$25,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

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

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Installation

You may extend the insurance that applies to Your Business Personal Property or the Personal Property of Others in your care, custody and control, to apply to Covered Property, which is being installed and intended to become a permanent part of the installation or building.

This property does not include:

- (1) Personal property not intended to become part of the installation;
- (2) Tools; or
- (3) Contractors' equipment.

We will cover this property while at a job site or while temporarily warehoused and awaiting installation. We will also cover the property while being installed and during testing.

Coverage ceases when the earliest of the following occurs:

- (1) The policy expires or is cancelled;
- (2) The covered property is accepted by the purchaser;
- (3) Your insurable interest in the covered property ceases;
- (4) You abandon your installation, fabrication, or erection project with no intent to complete it;
- (5) The installation, fabrication, or erection project has been completed for more than 30 days; or
- (6) The covered property has been put to its intended use. However, this does not apply to roofs or walls.

At the time of loss, payment will be based on the "Replacement Cost" valuation of the property.

The most we will pay for direct physical loss or damage to Your Business Personal Property or the Personal Property of Others in your care, custody and control caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION in any one "occurrence" during the policy period is:

- (1) \$25,000 at any one job site; or

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- (2) \$25,000 while the property is in transit; or
- (3) \$25,000 at a temporary warehouse location.

h. Fine Arts

You may extend the insurance that applies to Your Business Personal Property and the Personal Property of Others to apply to art work, statues, or other art objects you own or the Fine Arts owned by others in your care, custody and control while this property is at the premises stated in the Declarations.

As used in this COVERAGE EXTENSION, Fine Arts means paintings, etchings, pictures, tapestries, art glass windows, and other bona fide works of art of rarity, historical value or artistic merit.

The most we will pay for direct physical loss or damage to Fine Arts caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION is \$25,000 at the premises stated on the Declarations or \$5,000 while the property is in transit for any one "occurrence" during the policy period.

In the event of loss, payment for Fine Arts will be valued at the market value of the item(s) at the time of loss.

In the event of loss to a part of an article of Fine Arts, represented in a pair or set, our payment will be the lesser of:

- (1) The market value of the entire pair or set (however, you must surrender the remaining pieces of the pair or set which are undamaged to us); or
- (2) The cost to repair the damaged pieces (you retain the remaining undamaged pieces). However, if the pair or set is consequently valued at a lower amount, we will also pay the difference between the original market value of the undamaged pair or set and the market value of the repaired pair or set.

As respects this Fine Arts Coverage only, marring or scratching shall be included as a Covered Cause of Loss.

i. Laptop Computers

We cover direct physical loss or damage caused by a covered peril to laptop computers in the custody of any employee or owner while:

- (1) Away from a covered location; or
- (2) In transit between covered locations.

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

j. Expediting Expense

We will pay for the expediting expense loss resulting from an "equipment breakdown" with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

- (1) Make temporary repairs;
- (2) Expedite permanent repairs; and
- (3) Expedite permanent replacement.

Reasonable extra cost shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

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

k. Refrigerant Contamination

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity controlled equipment at the described premises as a result of "equipment breakdown".

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The most we will pay for loss or damage under this coverage is \$25,000 unless a higher limit is provided by an endorsement to this form. In that case, whichever limit is greater will apply.

I. Spoilage Coverage

We will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by "equipment breakdown" to types of property covered by this policy that are:

- (1) Located on or within 1,000 feet of your described premises, and
- (2) Owned or operated by you, the building owner at your described premises, or owned by a public utility; and
- (3) Used to supply telephone, electricity, air conditioning, heating, gas, water or steam to your described premises.

The most we will pay for loss or damage under this coverage is \$25,000 unless a higher limit is provided by an endorsement to this form. In that case, whichever limit is greater will apply.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion, explosion, windstorm, hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See Part Two - Causes of Loss Special Form.

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.

Payments under the following ADDITIONAL COVERAGES will not increase the applicable Limit of Insurance:

1. Preservation of Property;
2. Debris Removal;
3. Deferred Payments.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

1. Fire Department Service Charge;
2. Pollutant Clean Up and Removal;
3. Ordinance or Law;
4. Electronic Data (other than Accounts Receivable);
5. Extra Expense;
6. Money and Securities;
7. Inventory or Appraisals;
8. Accounts Receivable;
9. Reward Coverage; or
10. Fire Protective Systems Discharge.

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If a loss or damage to the same property is covered under more than one ADDITIONAL COVERAGE or COVERAGE EXTENSION, only the higher or highest applicable limit shall be payable.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss) , we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible	\$250
Limit of Insurance - Building #1:	\$60,000
Limit of Insurance --Building # 2:	\$80,000
Loss to Building #1:	\$60,100
Loss to Building #2:	\$90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

$$\$60,100 - 250 = \$ 59,850 \text{ Loss Payable - Building \# 1}$$

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building # 2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

$$\text{Total amount of loss payable: } \$59,850 + 80,000 = \$139, 850$$

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No.1.

Loss to Building #1:	\$70,000 (exceeds Limit of Insurance plus Deductible)
Loss to Building # 2:	\$90,000 (exceeds Limit of Insurance plus Deductible)
Loss Payable - Building #1:	\$60,000 (Limit of Insurance)
Loss Payable - Building #2:	\$80,000 (Limit of Insurance)
Total amount of loss payable:	\$140,000

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss 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 and 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.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

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- b. 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 give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- 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.
- 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.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer of Rights Of Recovery Against Others To Us Condition in this policy.

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

a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
 - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (ii) Used by the building owner to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;
 - (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in **b.(1) (a)** through **b.(1) (f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

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

- a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs 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. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- 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. Property covered under any ADDITIONAL COVERAGES OR COVERAGE EXTENSIONS will be valued on an "Actual Cash Value" basis, unless specifically indicated otherwise in the provisions.

F. Additional Conditions

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

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1. Coinsurance

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

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

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

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3). We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the Property is	\$250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$100,000
	The Deductible is	\$250
	The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 / \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

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

EXAMPLE #2 (ADEQUATE INSURANCE)

When:	The value of the property is	\$250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$200,000
	The Deductible is	\$250
	The amount of loss is	\$40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies. **EXAMPLE #3**

When: The value of property is:

Building at Location # 1	\$75,000
Building at Location # 2	\$100,000
Personal Property at Location # 2.	\$75,000
	<hr/>
	\$250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for Building and Personal Property at Location Nos. 1 and 2 is \$180,000

The Deductible is \$1,000

The amount of loss is:

Building at Location # 2	\$30,000
Personal Property at Location # 2.	\$20,000
	<hr/>
	\$50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(The minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 / \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

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

2. 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 proof 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.

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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.

3. Other Insurance

Subparagraph 2. of Paragraph G of the **Commercial Property Conditions** is deleted and replaced with the following subparagraphs 2. and 3.

- 2. If you have any other insurance, which more specifically insures any of the property or exposures covered under Part One or Part Two of this Form such as but not limited to Inland Marine policies, then no coverage shall be afforded such property or exposures under this Form whether or not you can collect on that insurance and whether or not your loss or damage is fully covered by that insurance.
- 3. If there is other insurance covering the same loss or damage, other than that described in 1. or 2. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

4. Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, we may immediately suspend the insurance against loss to that Covered Property for equipment breakdown. Coverage can be suspended and reinstated by delivering or mailing a written notice of suspension/coverage reinstatement to:

- (a) Your last known address; or
- (b) The address where the property is located.

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

5. Inspections and Surveys

- a. We have the right to:
 - (1) Make inspections and surveys at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - (1) Are safe or healthful; or
 - (2) Comply with laws, regulations, codes or standards.
- c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

- d. Paragraph b. of this condition does not apply to any inspection, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied 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 $\$100,000 \times .08 \times 146 / 365 = \$3,200$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
 - (4) "Stock", unless the "Including Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

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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 intent 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.

With respect to tenants' improvements and betterments, the following also apply:

(3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and

(4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

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

(2) The cost to replace 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 actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost, which would have been incurred if the building had been rebuilt at the original premises.

f. 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.

4. Extension Of Replacement Cost To Personal Property Of Others

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Actual Cash Value" means the "Replacement Cost" valuation of the property minus depreciation.

2. "Equipment Breakdown" as used herein means:

a. Physical loss or damage both originating within:

(1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:

(a) Waste disposal piping;

(b) Any piping forming part of a fire protection system;

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- (c) Furnaces; and
- (d) Any water piping other than
 - (i) Boiler feed water piping between the feed pump and the boiler;
 - (ii) Boiler condensate return piping; or
 - (iii) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes
- (2) All mechanical, electrical, electronic or fiber optic equipment; and
- b. Caused by, resulting from, or consisting of:
 - (1) Mechanical Breakdown;
 - (2) Electrical or electronic breakdown; or
 - (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "equipment breakdown" will not mean:

Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- (1) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any "hardware", programs or software;
- (2) Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following Causes of Loss:

Fire, lightning, combustion, explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement and flood.

- 3. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 4. "Occurrence" means a single incident, accident or event, or any sequence of incidents, accidents or events which cause a loss, which is unintended, unexpected and not directed by you, nor through any agent acting on your behalf, which causes loss or damage to Covered Property by means of or through any Covered Cause of Loss.
- 5. "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.
- 6. "Replacement Cost" means the full cost to repair or replace the property at the time and place of the loss without deduction for depreciation.
- 7. "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.
- 8. "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss if the controlled conditions change.

PART TWO – SPECIAL CAUSES OF LOSS

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

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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. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **a. (1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) 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.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from 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.

c. 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.

d. 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.

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e. 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 **f.(1)** through **f.(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.

f. "Fungus", Wet Rot, Dry Rot And Bacteria

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

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

This exclusion does not apply:

- 1.** When "fungus", wet or dry rot or bacteria results from fire or lightning; or
- 2.** To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.f.** apply whether or not the loss event results in widespread damage or affects a substantial area.

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

- a.** Delay, loss of use or loss of market.
- b.** Smoke, vapor or gas from agricultural smudging or industrial operations.
- c.**
 - (1)** Wear and tear;
 - (2)** Rust or other corrosion, 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)** 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, except as provided under the Fine Arts Coverage Extension.

As respects loss to personal property caused by **(6)(a)** or **(b)** and not caused by "fungus," wet rot or bacteria or by continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more, we will pay a maximum of \$10,000 per any one occurrence.

But if an excluded cause of loss that is listed in **2.c (1)** through **(6)** 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.

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- d. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, other than the \$10,000 coverage for dampness of atmosphere provided under Exclusion **2.c. (6)**, that occurs over a period of 14 days or more.
- e. 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.
- f. 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 to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- g. 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.
- h. Rain, snow, ice or sleet to personal property in the open.
- i. Collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

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.

This exclusion, i., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

- j. 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," except as provided under ADDITIONAL COVERAGE (I.) Fire Protective Systems Discharge. But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified cause of loss".

This exclusion, j., does not apply to damage to glass caused by chemicals applied to the glass.

- k. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time 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.

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- a. 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, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, sitting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
 of part or all of any property on or off the described premises.

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 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" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (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.

b. **Leasehold Interest Coverage Form**

- (1) 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.

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c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
- (a) Paragraph **B.1.b.**, Governmental Action;
 - (b) Paragraph **B.1.c.**, Nuclear Hazard; and
 - (c) Paragraph **B.1.e.**, War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

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

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

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

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. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - b. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - (3) Coverage provided under the Installation Coverage Extension.

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- 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. 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:
- a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
- However, this limitation does not apply:
- (1) If the property is located on or within 1000 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
 - (3) Coverage provided under the Installation Coverage Extension.

3. The special limit shown for each category, **a.** through **d.**, 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. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. The \$2500 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, except as provided under ADDITIONAL COVERAGE Money and Securities.

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

This limitation, **C.3.**, does not apply to Business Income Coverage, Extra Expense Coverage, or such coverage as is provided by the ADDITIONAL COVERAGE Fire Protective Systems Discharge.

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

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

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2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if the collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such building decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.
3. This **Additional Coverage – Collapse** does **not** apply to:
 - a. A building or any part of a building that is in danger of falling down or caving in;
 - b. A part of a building that is standing, even if it has separated from another part of the building; or
 - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
4. With respect to the following property:
 - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and 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 an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.** we will pay for loss or damage to that property only if:

 - (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
 - (2) The property is Covered Property under this Coverage Form.
5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
 - a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.** above;

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- b. The personal property which collapses is inside a building; and
- c. The property, which collapses, is not of a kind listed in 4. above, regardless of whether that kind of property is considered to be personal property or real property.

Except as provided under the Fine Arts Coverage Extension, the coverage stated in this Paragraph 4. does not apply to personal property if marring and/or scratching are the only damage to that personal property caused by the collapse.

- 6. This Additional Coverage - Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in D.1. through D.7.

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

- 1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
- 2. We will pay for loss or damage caused by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
- 3. The coverage described under E.2. of this Limited Coverage is limited to \$50,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$50,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- 4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- 5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.

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6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.
 - a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 1000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

We will pay for shipments of property sent by mail only if sent by means of registered mail service provided by the U.S. Postal Service.

- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this EXTENSION is \$25,000 for any one "occurrence" during the policy period.

This COVERAGE EXTENSION is additional insurance. The ADDITIONAL CONDITIONS, COINSURANCE does not apply to this EXTENSION. This Additional Coverage Extension does not cover Property Off-Premises as provided in the Coverage Extensions of Part I.

2. Water Damage, Other Liquids, 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. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **F.3.**, does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "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; equipment breakdown.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) 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.
 - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

ADVANTAGE

COMMERCIAL PROPERTY COVERAGE PART

PART ONE - BUILDING AND PERSONAL PROPERTY COVERAGE

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 premises described 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 type 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 1000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.
 - (6) The following while located on your described premises:
 - (a) If not attached to towers, radio or television antennas including microwave or satellite dishes and their lead-in wiring and masts; and
 - (b) Signs, whether or not attached to buildings or structures.
- b. **Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises, 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;

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- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business, including computers;
- (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 for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

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 1000 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, food stamps or other evidences of debt, money, notes or securities except as provided for and defined in Additional Coverage h. Money and Securities of this Coverage Form. 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 except as respects off premises or transit coverage as provided in the Additional Coverages or Coverage Extensions of this Form or the Causes of Loss—Special Form.
- 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;

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- n. Electronic data, except as provided under the 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) Fences, radio or television antennas (including microwave or satellite dishes) if attached to towers and their lead-in wiring, or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See **Part Two: Special Causes Of Loss.**

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), 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) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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- (4) We will pay up to an additional \$50,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$50,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example #1

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$50,000
Amount of Loss Payable	\$49,500
	(\$50,000 - \$500)
Debris Removal Expense	\$10,000
Debris Removal Expense Payable	\$10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example #2

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$80,000
Amount of Loss Payable	\$79,500
	(\$80,000 - \$500)
Debris Removal Expense	\$30,000
Debris Removal Expense Payable	
Basic Amount	\$10,500
Additional Amount	\$19,500

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$19,500, which is less than the \$50,000 maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is the full cost of \$30,000.

b. Preservation Of Property

If it is necessary to move Covered Property from the described 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 90 days after the property is first moved. We will also pay your expenses up to \$5,000 to move covered property from the described premises to preserve it from loss or damage by a covered cause of loss.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay 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. Amounts paid under this coverage are in addition to the Limits of Insurance.

d. Pollutant Clean Up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from 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 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 \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy. Amounts paid under this coverage are in addition to the Limits of Insurance.

e. Ordinance or Law

(1) **Each Coverage** – For Coverage (A), Coverage (B) and Coverage (C) the maximum we will pay for loss or damage under this provision is \$250,000 in any one occurrence.

(2) **Coverage Applies:**

Coverage applies only if both (2) (a) and (2) (b) are satisfied and are then subject to the qualifications set forth in (2)(c).

(a) The ordinance or law:

- (i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- (ii) Is in force at the time of loss.

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But coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

- (b) (i) The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
 - (ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.
 - (iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this section even if the building has also sustained covered direct physical damage.
- (c) In the situation described in (2) (b) (ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this section. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss, up to the \$250,000, otherwise payable under the terms of Coverages **(A)**, **(B)**, and/or **(C)**.

(3) We will not pay under Coverage **(A)**, **(B)**, or **(C)** of this form for:

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

(4) Coverage

(a) Coverage (A) – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **(A)** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage (B) – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

(c) Coverage (C) – Increased Cost of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

1. Repair or reconstruct damaged portions of that building; and/or
2. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

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when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

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

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

(ii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c) (i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i)**.

1. The cost of excavations, grading, backfilling and filling;
2. Foundation of the building;
3. Pilings; and
4. Underground pipes, flues and drains.

The items listed in **(ii) 1** through **(ii) 4** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c) (ii)**.

(5) Loss Payment

- (a) All following loss payment Provisions, **(5)(b)** through **(5)(d)**, are subject to the apportionment procedures set forth in Section **e.(2)(c)** of this Additional Coverage.
- (b) When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - (i) If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 1. The amount you would 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
 2. The Limit of Insurance shown in the Declarations as applicable to the covered building.
 - (ii) If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:
 1. The actual cash value of the building at the time of loss; or
 2. The Limit of Insurance shown in the Declarations as applicable to the covered building.
- (c) Loss payment under Coverage **B**. Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

 - (i) The amount you actually spend to demolish and clear the site of the described premises; or
 - (ii) The Limit stated in e.(1).

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- (d) Loss payment under Coverage C – Increased Cost of Construction Coverage will be determined as follows:
 - (i) We will not pay under Coverage C:
 - 1. Until the property is actually repaired or replaced, at the same or another premises; and
 - 2. Unless the repairs or replacement 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.
 - (ii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
 - 1. The increased cost of construction at the same premises or;
 - 2. The Limit specified in e.(1).
 - (iii) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 - 1. The increased cost of construction at the new premises.
 - 2. The Limit specified in e. (1).
- (6) The terms of this additional coverage apply separately to each building to which this section applies.
- (7) Under this additional coverage we will not pay for loss due to any ordinance or law that:
 - (a) You were required to comply with before the loss, even if the building was undamaged; and
 - (b) You failed to comply with.
- f. **Electronic Data (Other than Accounts Receivable)**
 - (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered – Electronic Data, but does not include Accounts Receivable as provided below in this Form.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data, which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
 - (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage – Electronic Data, subject to the following:
 - (a) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Electronic Data.
 - (b) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
 - (c) For purposes of this Additional Coverage only, the Causes of Loss are extended to include Electrical Injury and Mechanical Breakdown.

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Electrical injury means any direct physical loss or damage to Electronic Data caused by or resulting from sudden and accidental short circuit, blow-out or other electrical disturbance, other than lightning, due to power failure, power surge, overload or any other similar disturbance that:

- (i) Occurs within electrical or Electronic Data Processing Equipment, apparatus or devices, including wiring; and
- (ii) Originates at a location specified on the Declarations page or within 1000 feet from the building containing the electrical or Electronic Data Processing Equipment, apparatus or devices.

Mechanical Breakdown means direct physical loss or damage to Electronic Data caused by or resulting from its sudden and accidental mechanical breakdown. The breakdown must manifest itself by physical damage to the Electronic Data, which necessitates repair or replacement.

- (4) The most we will pay under this Additional Coverage – Electronic Data is \$100,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

g. Extra Expense

We will pay the necessary extra expenses you incur due to a continuation of your normal operations in a temporary location or with temporary property due to loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss at any location described in the Declarations.

We will pay the costs over and above your Normal Operating Expenses which you incur that enable you to continue the operation of your business at a temporary location or with temporary equipment and only for the time reasonably necessary to repair or replace the damaged or destroyed Covered Property.

In calculating what we will pay for Extra Expenses, we will examine your books, records and accounts to determine what your Normal Operating Expenses would have been for the same period.

Normal Operating Expenses mean costs you would have incurred had no loss occurred. These costs are determined for the period of time, which begins as of the date of loss, but is not limited to the expiration date of the policy.

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

- (1) Interference at the premises by strikers or other persons causing a delay in rebuilding, repairing or replacing the property or resuming operations; or
- (2) 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 causes you Extra Expense during the “period of restoration” and any extension of the “period of restoration” in accordance with the terms of the Extra Expense Coverage.

The most we will pay under this ADDITIONAL COVERAGE is \$20,000 for any one “occurrence” during the policy period. Amounts paid under this coverage are in addition to the Limits of Insurance.

h. Money and Securities

We will pay your expenses incurred due to direct physical loss, damage or destruction of Money and Securities caused by or resulting from a Covered Cause of Loss when the Money and Securities are:

- (1) On the premises. This means:
 - (a) The premises stated in the Declarations; or

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- (b) On the premises of a financial institution; or
 - (c) On the premises of a recognized place of safe deposit.
- (2) Off the premises. This means:
- (a) In an armored vehicle; or
 - (b) In the possession of any person authorized by you; but not while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company.

Money is defined as currency, coins, bank notes, in current use and having a face value; and travelers checks, register checks and money orders held for sale to the public.

Securities are defined as negotiable and nonnegotiable instruments or contracts representing either money or property and includes:

- (a) Tokens, tickets, but not lottery tickets held for sale, 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".

The most we will pay for loss under this ADDITIONAL COVERAGE in any one "occurrence" during the policy period is \$10,000 per premises described on the Declarations and \$10,000 off the premises. Amounts paid under this coverage are in addition to the Limits of Insurance. We will pay the cost to replace the Money when loss occurs to Money. When loss to Securities occurs, we will pay the "Actual Cash Value" of the Securities at the end of the last business day before the loss is discovered or the actual cost of replacing the Securities, whichever is less. We will not cover loss of income, interest or dividends that occur as a result of a covered loss.

i. Inventory or Appraisals

We will pay the expenses you incur for a necessary inventory or appraisal that we require to assess values or determine the extent of damage after loss or damage to Covered Property by a Covered Cause of Loss at any location described in the Declarations. These expenses are in addition to the Limits of Insurance.

j. Deferred Payments

We will pay for expenses you incur caused by a Covered Cause of Loss to Personal Property in which you have an interest, but which has been sold by you under a conditional sale or trust agreement, or any installment or deferred payment plan after delivery to buyers.

In the event of a loss, coverage will be paid based on the value of the amount shown on your books as due from the buyer. In cases of partial loss and the buyer refuses to continue payment, forcing you to repossess, coverage will be valued as follows:

- (1) If the realized value of the repossessed property is greater than or equal to the amount shown on your books as due from the buyer, we will make no payment.
- (2) If the realized value of the repossessed property is less than the amount shown on your books as due from the buyer, we will pay the difference.
- (3) If partial loss occurs and the buyer continues to pay you, there will be no loss payment.

The most we will pay for loss under this ADDITIONAL COVERAGE is \$10,000 in any one "occurrence" during the policy. This amount is part of and not in addition to the Limits of Insurance.

k. Accounts Receivable

We will pay for expenses you incur due to direct physical loss or damage to your accounts receivable records (including those recorded as Electronic Data caused by or resulting from a Covered Cause of Loss at a location described on the Declarations.

- (1) The expenses we will pay include:
 - (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 accounts receivable records.
- (2) We will not pay expenses for loss or damage under this ADDITIONAL COVERAGE caused by or resulting from any of the following:
 - (a) Bookkeeping, accounting or billing errors or omissions; or
 - (b) Electrical or magnetic injury, disturbance or erasure of Electronic Data records, except as a result of a direct loss caused by lightning.

The most we will pay for direct physical loss or damage to Accounts Receivable records under this ADDITIONAL COVERAGE is \$50,000 at any one location described on the Declarations page (or within 1,000 feet of the described premises), or \$25,000 while these records are in transit, for any one "occurrence" during the policy period. These payments are in addition to the Limits of Insurance.

- (3) Loss payment will be determined as follows:
 - (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 occurred; 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.
 - (b) The following will be deducted from the total amount of Accounts Receivable, regardless of how 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.

Electronic data as used in this ADDITIONAL COVERAGE has the meaning described under Property Not Covered – Electronic Data.

I. Reward Coverage

We will reimburse you for amounts you have offered and paid as reward(s), which have led to:

- (1) The successful return of undamaged stolen Covered Property to a law enforcement agency; or
- (2) The arrest and conviction of any person(s) who have damaged or stolen any of your Covered Property.

We will pay 100% of the covered reward payment up to a maximum of \$25,000 or the amount of the payable loss if less. Amounts paid under this coverage are in addition to the Limits of Insurance. These Reward payments must be documented. No deductible applies to this ADDITIONAL COVERAGE.

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m. Fire Protective Systems Discharge

If the fire protective equipment at your covered location discharges accidentally or is activated by a Covered Cause of Loss, you may extend the insurance that applies to Your Business Personal Property to apply to your costs to:

- (1) Refill or recharge the system with the extinguishing agent(s) that were discharged; and
- (2) Replace or repair faulty valves or controls which caused the discharge.

The most we will pay under this ADDITIONAL COVERAGE is \$100,000 for any one "occurrence" during the policy period. Amounts paid under this coverage are in addition to the Limits of Insurance.

n. Utility Services

We will pay for loss of or damage to Covered Property, caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the property described below.

Loss or damage to Covered Property does not apply to loss or damage to electronic data, including destruction or corruption of electronic data.

(1) Water Supply Services

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.

The most we will pay under this ADDITIONAL COVERAGE and under the Business Income Coverage Form, if applicable, is \$25,000 for any one "occurrence" during the policy period.

o. Tenant's Building Glass

We will pay for direct physical loss of or damage to building glass at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss, provided that:

- (a) You are a tenant of the building; and
- (b) You have a contractual responsibility to insure the building glass, or a contractual responsibility to pay for loss or damage to that property.

If required by law, glass is covered at the cost of replacement with safety glazing material.

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The most we will pay in any one occurrence under this Additional Coverage is the limit of insurance shown in the Declarations for Your Business Personal Property for the premises at which the loss or damage occurred.

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

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

The most we will pay for loss or damage-under this EXTENSION is 25% of the Limit of Insurance for Building shown in the Declarations, but not more than \$1,000,000 at each building.

(2) Your Business Personal Property

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

The most we will pay for loss or damage under this EXTENSION is 10% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$500,000 at each building.

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

(3) Period Of Coverage

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

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

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

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b. 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 members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$15,000 at each described premises, but not more than \$2500 per any one covered person. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

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

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records, which exist as electronic data or to Accounts Receivable. Electronic data has the meaning described under Property Not Covered – Electronic Data.
- (2) Under this Extension, the most we will pay to replace or restore the lost information is \$50,000 at each described premises, unless a higher limit is shown in the Declarations. Amounts paid under this coverage are in addition to the Limits of Insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) , and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-Premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own or operate;
 - (b) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$25,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

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

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f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Salespersons' Samples

You may extend the insurance that applies to Your Business Personal Property to apply to personal property that is in the custody of any one salesperson and used only for sales sample purposes. This COVERAGE EXTENSION does not apply to property in the care, custody or control of your salespersons at a fair, trade show, or exhibition.

The most we will pay for direct physical loss or damage to Salespersons' Samples caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION is \$10,000 for any one "occurrence" during the policy period.

h. Consequential Damage

You may extend the insurance provided under Your Business Personal Property to apply to your "Finished Stock" which has been rendered unmarketable as a complete product due to direct physical loss or damage caused by or resulting from a Covered Cause of Loss to a part or parts of your product. We will pay for the consequential loss to the undamaged part or parts of your "Finished Stock." The "Finished Stock" must be located at a premises described In the Declarations.

As used in this COVERAGE EXTENSION, Consequential Loss or Damage means a reduction in value of insured components or parts of products due to direct physical loss or damage to other insured components or parts of such products caused by or resulting from a covered Cause of Loss.

The most we will pay for loss or damage to "Finished Stock" caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION is \$10,000 for any one "occurrence" during the policy period.

This COVERAGE EXTENSION does not afford coverage for "Finished Stock" as provided in the Brands and Labels COVERAGE EXTENSION below.

i. Brands and Labels

We will pay expenses you incur due to direct physical loss or damage to covered "stock" and labels (identifying and affixed to "stock") which have been damaged due to a Covered Cause of Loss at any location described on the Declarations, but we will retain the salvage value. We will provide coverage when you choose not to sell your damaged "stock" under your brand or label, even though the damaged "stock" has a salvage value.

We will pay reasonable costs you incur to:

- (1) Remove the brand or label, if doing so will not physically damage the merchandise and then re-label the "stock" to comply with the law; or

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- (2) Identify (by stamping or labeling) the damaged "stock" as salvage if doing so causes no further damage to the damaged "stock".

In either case, we will pay the smallest of the following:

- (1) The salvage value of the damaged "stock" with the brand or label attached; or
- (2) The salvage value of the damaged "stock" with the brand or label removed.

The most we will pay for loss or damage under this COVERAGE EXTENSION is \$25,000 for any one "occurrence" during the policy period.

This COVERAGE EXTENSION does not afford coverage to "Finished Stock" as provided under the Consequential Damage COVERAGE EXTENSION.

j. Installation

You may extend the insurance that applies to Your Business Personal Property or the Personal Property of Others in your care, custody and control, to apply to Covered Property, which is being installed and intended to become a permanent part of the installation or building.

This property does not include:

- (1) Personal property not intended to become part of the installation;
- (2) Tools; or
- (3) Contractors' equipment.

We will cover this property while at a job site or while temporarily warehoused and awaiting installation. We will also cover the property while being installed and during testing.

Coverage ceases when the earliest of the following occurs:

- (1) The policy expires or is cancelled;
- (2) The covered property is accepted by the purchaser;
- (3) Your insurable interest in the covered property ceases;
- (4) You abandon your installation, fabrication, or erection project with no intent to complete it.
- (5) The installation, fabrication, or erection project has been completed for more than 30 days; or
- (6) The covered property has been put to its intended use. However, this does not apply to roofs or walls.

At the time of loss, payment will be based on the "Replacement Cost" valuation of the property.

The most we will pay for direct physical loss or damage to Your Business Personal Property or the Personal Property of Others in your care, custody and control caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION in any one "occurrence" during the policy period is:

- (1) \$25,000 at any one job site; or
- (2) \$25,000 while the property is in transit; or
- (3) \$25,000 at a temporary warehouse location.

k. Fine Arts

You may extend the insurance that applies to Your Business Personal Property and the Personal Property of Others to apply to art work, statues, or other art objects you own or the Fine Arts owned by others in your care, custody and control while this property is at the premises stated in the Declarations.

As used in this COVERAGE EXTENSION, Fine Arts means paintings, etchings, pictures, tapestries, art glass windows, and other bona fide works of art of rarity, historical value or artistic merit.

The most we will pay for direct physical loss or damage to Fine Arts caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION is \$25,000 at the premises stated on the Declarations or \$5,000 while the property is in transit for any one "occurrence" during the policy period.

In the event of loss, payment for Fine Arts will be valued at the market value of the item(s) at the time of loss.

In the event of loss to a part of an article of Fine Arts, represented in a pair or set, our payment will be the lesser of:

- (1) The market value of the entire pair or set (however, you must surrender the remaining pieces of the pair or set which are undamaged to us); or
- (2) The cost to repair the damaged pieces (you retain the remaining undamaged pieces). However, if the pair or set is consequently valued at a lower amount, we will also pay the difference between the original market value of the undamaged pair or set and the market value of the repaired pair or set.

As respects this Fine Arts Coverage only, marring or scratching shall be included as a Covered Cause of Loss.

i. Laptop Computers

We cover direct physical loss or damage caused by a covered peril to laptop computers in the custody of any employee or owner while:

- (1) Away from a covered location; or
- (2) In transit between covered locations.

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

m. Expediting Expenses

We will pay for the expediting expense loss resulting from an "equipment breakdown" with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

- (1) Make temporary repairs;
- (2) Expedite permanent repairs; and
- (3) Expedite permanent replacement.

Reasonable extra cost shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

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

n. Refrigerant Contamination

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity controlled equipment at the described premises as a result of "equipment breakdown".

The most we will pay for loss or damage under this coverage is \$25,000 unless a higher limit is provided by an endorsement to this form. In that case, whichever limit is greater will apply.

o. Spoilage Coverage

We will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by "equipment breakdown" to types of property covered by this policy that are:

- (1) Located on or within 1,000 feet of your described premises, and
- (2) Owned or operated by you, the building owner at your described premises, or owned by a public utility; and

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- (3) Used to supply telephone, electricity, air conditioning, heating, gas, water or steam to your described premises.

The most we will pay for loss or damage under this coverage is \$25,000 unless a higher limit is provided by an endorsement to this form. In that case, whichever limit is greater will apply.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion, explosion, windstorm, hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See Part Two - Causes of Loss Special Form.

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.

Payments under the following ADDITIONAL COVERAGES will not increase the applicable Limit of Insurance:

1. Preservation of Property;
2. Debris Removal;
3. Deferred Payments;

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

1. Fire Department Service Charge;
2. Pollutant Clean Up and Removal;
3. Ordinance or Law;
4. Electronic Data (other than Accounts Receivable);
5. Extra Expense;
6. Money and Securities;
7. Inventory or Appraisals;
8. Accounts Receivable;
9. Reward Coverage; or
10. Fire Protective Systems Discharge.

If a loss or damage to the same property is covered under more than one ADDITIONAL COVERAGE or COVERAGE EXTENSION, only the higher or highest applicable limit shall be payable.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss) , we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

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Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible	\$250
Limit of Insurance - Building #1:	\$60,000
Limit of Insurance - Building #2:	\$80,000
Loss to Building #1:	\$60,100
Loss to Building #2:	\$90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

$$\$60,100 - 250 = \$ 59,850 \text{ Loss Payable - Building \#1}$$

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

$$\text{Total amount of loss payable: } \$59,850 + 80,000 = \$139, 850$$

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No.1.

Loss to Building #1:	\$70,000 (exceeds Limit of Insurance plus Deductible)
Loss to Building #2:	\$90,000 (exceeds Limit of Insurance plus Deductible)
Loss Payable - Building #1:	\$60,000 (Limit of Insurance)
Loss Payable- Building #2:	\$80,000 (Limit of Insurance)
Total amount of loss payable:	\$140,000

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

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- (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 and 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.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. 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 give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- 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.
- 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

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(2) An appraisal award has been made.

- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer of Rights Of Recovery Against Others To Us Condition in this policy.

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

a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
- (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (ii) Used by the building owner to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
- (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;
 - (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in b.(1) (a) through b.(1) (f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

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

- a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs 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. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- 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. Tenants' 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. Property covered under any ADDITIONAL COVERAGES OR COVERAGE EXTENSIONS will be valued on an "Actual Cash Value" basis, unless specifically indicated otherwise in the provisions.

F. Additional Conditions

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

1. Coinsurance

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

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

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

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

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- (4) Subtract the deductible from the figure determined in Step (3). We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the Property is	\$250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$100,000
	The Deductible is	\$250
	The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 / \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

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

EXAMPLE #2 (ADEQUATE INSURANCE)

When:	The value of the property is:	\$250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$200,000
	The Deductible is:	\$250
	The amount of loss is:	\$40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

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

When: The value of property is:

Building at Location #1:	\$75,000
Building at Location #2:	\$100,000
Personal Property at Location #2:	\$75,000
	<hr/>
	\$250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for Building and Personal Property at Location #1 and #2 is \$180,000

The Deductible is: \$1,000

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The amount of loss is:

Building at Location #2:	\$30,000
Personal Property at Location #2:	\$20,000
	<hr/>
	\$50,000

Step (1): \$250,000 x 90% = \$225,000

(The minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): \$180,000 / \$225,000 = .80

Step (3): \$50,000 x .80 = \$40,000

Step (4): \$40,000 - \$1,000 = \$39,000

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

2. 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 proof 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.

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- 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.

3. Other Insurance

Subparagraph 2. of Paragraph G of the **Commercial Property Conditions** is deleted and replaced with the following subparagraphs 2. and 3.

- 2. If you have any other insurance, which more specifically insures any of the property or exposures covered under Part One or Part Two of this Form such as but not limited to Inland Marine policies, then no coverage shall be afforded such property or exposures under this Form whether or not you can collect on that insurance and whether or not your loss or damage is fully covered by that insurance.
- 3. If there is other insurance covering the same loss or damage, other than that described in 1. or 2. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

4. Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, we may immediately suspend the insurance against loss to that Covered Property for "equipment breakdown". Coverage can be suspended and reinstated by delivering or mailing a written notice of suspension/coverage reinstatement to:

- (a) Your last known address; or
- (b) The address where the property is located.

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

5. Inspections and Surveys

- a. We have the right to:
 - (1) Make inspections and surveys at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - (1) Are safe or healthful; or
 - (2) Comply with laws, regulations, codes or standards.
- c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
- d. Paragraph b. of this condition does not apply to any inspection, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied 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 $\$100,000 \times .08 \times 146 / 365 = \$3,200$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
 - (4) "Stock", unless the "Including Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- 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 intent 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

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- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
 - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace 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 actually spent that is necessary to repair or replace the lost or damaged property.
- If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost, which would have been incurred if the building had been rebuilt at the original premises.
- f. 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.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Actual Cash Value" means the "Replacement Cost" valuation of the property minus depreciation.
2. "Equipment Breakdown" as used herein means:
 - a. Physical loss or damage both originating within:
 - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - (a) Waste disposal piping;
 - (b) Any piping forming part of a fire protection system;
 - (c) Furnaces; and
 - (d) Any water piping other than
 - (i) Boiler feed water piping between the feed pump and the boiler;
 - (ii) Boiler condensate return piping; or
 - (iii) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes

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- (2) All mechanical, electrical, electronic or fiber optic equipment; and
- b. Caused by, resulting from, or consisting of:
 - (1) Mechanical Breakdown;
 - (2) Electrical or electronic breakdown; or
 - (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "equipment breakdown" will not mean:

Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- (1) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any "hardware", programs or software;
- (2) Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following Causes of Loss:
 - Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement and flood.
- 3. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 4. "Occurrence" means a single incident, accident or event, or any sequence of incidents, accidents or events which cause a loss, which is unintended, unexpected and not directed by you, nor through any agent acting on your behalf, which causes loss or damage to Covered Property by means of or through any Covered Cause of Loss.
- 5. "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.
- 6. "Replacement Cost" means the full cost to repair or replace the property at the time and place of the loss without deduction for depreciation.
- 7. "Stock" or "Finished 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.
- 8. "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss if the controlled conditions change.

PART TWO – SPECIAL CAUSES OF LOSS

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

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a. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b. (1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) 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.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from 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.

c. 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.

d. 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.

e. 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;

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- (3) Water that backs up or overflows from a sewer, drain or sump; however, we will pay for loss due to water that backs up from a sewer, drain or sump on premises to a maximum of \$100,000 per any one "occurrence". We will not pay for loss or damage caused directly or indirectly by water that backs up from a sewer, drain or sump off premises, or where the actual cause of the backup is located off premises.
- (4) 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 **e.(1)** through **e.(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

f. "Fungus", Wet Rot, Dry Rot And Bacteria

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

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

This exclusion does not apply:

- 1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
- 2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.f.** apply whether or not the loss event results in widespread damage or affects a substantial area.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Delay, loss of use or loss of market.
 - b. Smoke, vapor or gas from agricultural smudging or industrial operations.
 - c. (1) Wear and tear;
 - (2) Rust or other corrosion, 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) 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, except as provided under the Fine Arts Coverage Extension.

As respects loss to personal property caused by **(6)(a)** or **(b)** and not caused by "fungus," wet rot or bacteria or by continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more, we will pay a maximum of \$10,000 per any one occurrence.

But if an excluded cause of loss that is listed in **2.c.(1)** through **(6)** 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.

- d. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, other than the \$10,000 coverage for dampness of atmosphere provided under Exclusion **2.c.(6)**, that occurs over a period of 14 days or more.
- e. 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.
- f. 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 to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- g. 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.
- h. Rain, snow, ice or sleet to personal property in the open.
- i. Collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

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.

This exclusion, i., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.
- j. 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," except as provided under ADDITIONAL COVERAGE (m.) Fire Protective Systems Discharge. But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified cause of loss".

This exclusion, j., does not apply to damage to glass caused by chemicals applied to the glass.

- k. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time 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.

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- a. 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, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
 of part or all of any property on or off the described premises.

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 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" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (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.

b. **Leasehold Interest Coverage Form**

- (1) 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.b.**, Governmental Action;

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- (b) Paragraph **B.1.c**, Nuclear Hazard; and
- (c) Paragraph **B.1.e.**, War And Military Action.

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

(a) Contractual Liability

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

- (i) Your assumption of liability was executed prior to the occurrence and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

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. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - b. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - (3) Coverage provided under the Installation Coverage Extension.
 - 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.

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- d. 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:
- a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
- However, this limitation does not apply:
- (1) If the property is located on or within 1000 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
 - (3) Coverage provided under the Installation Coverage Extension.

3. The special limit shown for each category, **a.** through **d.**, 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. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones and \$25,000 for bullion, gold, silver, platinum and other precious alloys or metals. The \$2500 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, except as provided under ADDITIONAL COVERAGE Money and Securities.

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

This limitation, **C.3.**, does not apply to Business Income Coverage, Extra Expense Coverage, or such coverage as is provided by the ADDITIONAL COVERAGE Fire Protective Systems Discharge.

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

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

- 1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- 2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

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- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.
- 3.** This **Additional Coverage – Collapse** does **not** apply to:
- a. A building or any part of a building that is in danger of falling down or caving in;
 - b. A part of a building that is standing, even if it has separated from another part of the building; or
 - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 4.** With respect to the following property:
- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and 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 an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.** we will pay for loss or damage to that property only if:
- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
 - (2) The property is Covered Property under this Coverage Form.
- 5.** If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**
 - b. The personal property which collapses is inside a building; and
 - c. The property, which collapses, is not of a kind listed in **4.** above, regardless of whether that kind of property is considered to be personal property or real property.

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Except as provided under the Fine Arts Coverage Extension, the coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching are the only damage to that personal property caused by the collapse.

6. This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage caused by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under **E.2.** of this Limited Coverage is limited to \$50,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$50,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

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- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 1000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

We will pay for shipments of property sent by mail only if sent by means of registered mail service provided by the U.S. Postal Service.

We will also pay for your interest in shipments sold "Free on Board" under the following circumstances:

When the title of a shipment passes to the consignee and if the consignee refuses to pay because the shipment is lost or damaged, you may elect to claim that loss under this insurance. We will not attempt to collect from the consignee unless you:

- (1) Provide us with your written consent to do so; and
 - (2) Assign us your right of action.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
 - c. The most we will pay for loss or damage under this EXTENSION is \$25,000 for any one "occurrence" during the policy period.

This COVERAGE EXTENSION is additional insurance. The ADDITIONAL CONDITIONS, COINSURANCE does not apply to this EXTENSION. This Additional Coverage Extension does not cover Salespersons' Samples or Property Off-Premises as provided in the Coverage Extensions of Part One.

2. Water Damage, Other Liquids, 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. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

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- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **F.3.**, does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "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; equipment breakdown.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) 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.
 - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

SERFF Tracking Number: AMRS-125807494 *State:* Arkansas
First Filing Company: AMERISURE MUTUAL INSURANCE *State Tracking Number:* EFT \$20
COMPANY, ...
Company Tracking Number: AR-2008 OVERHAUL FORM CHANGES
TOI: 01.0 Property *Sub-TOI:* 01.0001 Commercial Property (Fire and Allied
Lines)
Product Name: COMMERCIAL PROPERTY
Project Name/Number: /

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: AMRS-125807494 State: Arkansas
First Filing Company: AMERISURE MUTUAL INSURANCE State Tracking Number: EFT \$20
COMPANY, ...
Company Tracking Number: AR-2008 OVERHAUL FORM CHANGES
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied
Lines)
Product Name: COMMERCIAL PROPERTY
Project Name/Number: /

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Approved 09/11/2008

Comments:

Attachment:

AR-2008 OVERHAUL-F Change-777.pdf

Satisfied -Name: COVER LETTER **Review Status:** Approved 09/11/2008

Comments:

Attachment:

AR-2008 OVERHAUL-F Change.pdf

Satisfied -Name: COMPARISON **Review Status:** Approved 09/11/2008

Comments:

Attachments:

CP 73 07 02 08 Revised-mu.pdf

CP 74 45 02 08 Revised-mu.pdf

Property & Casualty Transmittal Document

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

3. Group Name	Group NAIC #
Amerisure Companies	0124

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Amerisure Mutual Insurance Company	Michigan	23396	38-0829210	
Amerisure Insurance Company	Michigan	19488	38-1869912	

5. Company Tracking Number	AR-2008 Overhaul-Form Changes
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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
	Yvonne Johnson 26777 Halsted Road Farmington Hills, MI 48331	Compliance Analyst	800.257.1900 Ext. 67978	248.426.7789	yvjohnson@amerisure.com
7.	Signature of authorized filer				
8.	Please print name of authorized filer		Yvonne Johnson		

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: 11-01-2008 Renewal: 11-01-2008
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	09-11-2008
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	AR-2008 Overhaul-Form Changes
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Amerisure Mutual Insurance Company and Amerisure Insurance Company would like to replace two previously filed and approved forms that required minor revisions.

CP 73 07 02 08-Advantage Commercial Property Coverage Part

Was revised to include the word “**Part**” in the title and changed the exclusion letter reference from “**k**” to “**i**” on page 31 of this manual.

CP 74 45 02 08-Contractor’s Advantage Program Commercial Property Coverage Part

Was revised to include the word “**Part**” in the title and changed the exclusion letter reference from “**k**” to “**i**” on page 30 of this manual.

The previously approved filing was filed in SERFF under AMRS-125732120 and state filing number EFT\$50.

There is no premium impact with this request.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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Check #: EFT
Amount: \$20 for corrections

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

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

FORM FILING SCHEDULE

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

1.	This filing transmittal is part of Company Tracking #	AR-2008 Overhaul-Form Changes
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2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	
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3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	ADVANTAGE COMMERCIAL PROPERTY COVERAGE PART	CP 73 07 02 08 REVISE	[] New [X] Replacement [] Withdrawn	CP 73 07 02 08	EFT\$50
02	CONTRACTOR'S ADVANTAGE PROGRAM COMMERCIAL PROPERTY COVERAGE PART	CP 74 45 02 08 REVISE	[] New [X] Replacement [] Withdrawn	CP 74 45 02 08	EFT\$50
03			[] New [] Replacement [] Withdrawn		
04			[] New [] Replacement [] Withdrawn		
05			[] New [] Replacement [] Withdrawn		
06			[] New [] Replacement [] Withdrawn		
07			[] New [] Replacement [] Withdrawn		
08			[] New [] Replacement [] Withdrawn		
09			[] New [] Replacement [] Withdrawn		
10			[] New [] Replacement [] Withdrawn		



Amerisure Mutual Insurance Company

Government Compliance & State Filings

Amerisure, Inc.
Amerisure Insurance Company
Amerisure Re (Bermuda) Ltd.
September 11, 2008

Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

Subject: Amerisure Mutual Insurance Company, NAIC No. 23396
FEIN No. 38-0829210, Group No. 124
Amerisure Insurance Company, NAIC No. 19488
FEIN No. 38-1869912, Group No. 124
Commercial Property Lines Manual
Company Filing No.: **AR-2008 Overhaul-Form Changes**
Replace previously filed Forms
To Be Effective For Policies On or After November 1, 2008

Amerisure Mutual Insurance Company and Amerisure Insurance Company would like to replace two previously filed and approved forms that required minor revisions.

CP 73 07 02 08-Advantage Commercial Property Coverage Part

Was revised to include the word “Part” in the title and changed the exclusion letter reference from “k” to “i” on page 31 of this manual.

CP 74 45 02 08-Contractor’s Advantage Program Commercial Property Coverage Part

Was revised to include the word “Part” in the title and changed the exclusion letter reference from “k” to “i” on page 30 of this manual.

The previously approved filing was filed in SERFF under AMRS-125732120 and state filing number EFT\$50.

There is no premium impact with this request.

My contact information is listed below; please do not hesitate to get in touch with me for any discrepancies in this filing.

Best regards,

A handwritten signature in black ink, appearing to read 'Yvonne Johnson'.

Yvonne Johnson
Compliance Analyst

ADVANTAGE COMMERCIAL PROPERTY COVERAGE PART

PART ONE - BUILDING AND PERSONAL PROPERTY COVERAGE

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 premises described 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 type 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 1000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.
 - (6) The following while located on your described premises:
 - (a) If not attached to towers, radio or television antennas including microwave or satellite dishes and their lead-in wiring and masts; and
 - (b) Signs, whether or not attached to buildings or structures.
- b. **Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises, 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;

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- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business, including computers;
- (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 for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

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 1000 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, food stamps or other evidences of debt, money, notes or securities except as provided for and defined in Additional Coverage h. Money and Securities of this Coverage Form. 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 except as respects off premises or transit coverage as provided in the Additional Coverages or Coverage Extensions of this Form or the Causes of Loss—Special Form.
- 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;

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- n. Electronic data, except as provided under the 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) Fences, radio or television antennas (including microwave or satellite dishes) if attached to towers and their lead-in wiring, or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See **Part Two: Special Causes Of Loss.**

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), 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) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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- (4) We will pay up to an additional \$50,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$50,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example #1

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$50,000
Amount of Loss Payable	\$49,500
	(\$50,000 - \$500)
Debris Removal Expense	\$10,000
Debris Removal Expense Payable	\$10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example #2

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$80,000
Amount of Loss Payable	\$79,500
	(\$80,000 - \$500)
Debris Removal Expense	\$30,000
Debris Removal Expense Payable	
Basic Amount	\$10,500
Additional Amount	\$19,500

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$19,500, which is less than the \$50,000 maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is the full cost of \$30,000.

b. Preservation Of Property

If it is necessary to move Covered Property from the described 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 90 days after the property is first moved. We will also pay your expenses up to \$5,000 to move covered property from the described premises to preserve it from loss or damage by a covered cause of loss.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay 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. Amounts paid under this coverage are in addition to the Limits of Insurance.

d. Pollutant Clean Up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from 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 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 \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy. Amounts paid under this coverage are in addition to the Limits of Insurance.

e. Ordinance or Law

(1) **Each Coverage** – For Coverage (A), Coverage (B) and Coverage (C) the maximum we will pay for loss or damage under this provision is \$250,000 in any one occurrence.

(2) **Coverage Applies:**

Coverage applies only if both (2) (a) and (2) (b) are satisfied and are then subject to the qualifications set forth in (2)(c).

(a) The ordinance or law:

- (i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- (ii) Is in force at the time of loss.

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But coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

- (b) (i) The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
 - (ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.
 - (iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this section even if the building has also sustained covered direct physical damage.
- (c) In the situation described in (2) (b) (ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this section. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss, up to the \$250,000, otherwise payable under the terms of Coverages **(A)**, **(B)**, and/or **(C)**.

(3) We will not pay under Coverage **(A)**, **(B)**, or **(C)** of this form for:

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

(4) Coverage

(a) Coverage (A) – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **(A)** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage (B) – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

(c) Coverage (C) – Increased Cost of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

1. Repair or reconstruct damaged portions of that building; and/or
2. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

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when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

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

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

(ii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c) (i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i)**.

1. The cost of excavations, grading, backfilling and filling;
2. Foundation of the building;
3. Pilings; and
4. Underground pipes, flues and drains.

The items listed in **(ii) 1** through **(ii) 4** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c) (ii)**.

(5) Loss Payment

- (a) All following loss payment Provisions, **(5)(b)** through **(5)(d)**, are subject to the apportionment procedures set forth in Section **e.(2)(c)** of this Additional Coverage.
- (b) When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - (i) If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 1. The amount you would 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
 2. The Limit of Insurance shown in the Declarations as applicable to the covered building.
 - (ii) If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:
 1. The actual cash value of the building at the time of loss; or
 2. The Limit of Insurance shown in the Declarations as applicable to the covered building.
- (c) Loss payment under Coverage **B**. Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

 - (i) The amount you actually spend to demolish and clear the site of the described premises; or
 - (ii) The Limit stated in e.(1).

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- (d) Loss payment under Coverage C – Increased Cost of Construction Coverage will be determined as follows:
 - (i) We will not pay under Coverage C:
 - 1. Until the property is actually repaired or replaced, at the same or another premises; and
 - 2. Unless the repairs or replacement 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.
 - (ii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
 - 1. The increased cost of construction at the same premises or;
 - 2. The Limit specified in e.(1).
 - (iii) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 - 1. The increased cost of construction at the new premises.
 - 2. The Limit specified in e. (1).
- (6) The terms of this additional coverage apply separately to each building to which this section applies.
- (7) Under this additional coverage we will not pay for loss due to any ordinance or law that:
 - (a) You were required to comply with before the loss, even if the building was undamaged; and
 - (b) You failed to comply with.
- f. **Electronic Data (Other than Accounts Receivable)**
 - (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered – Electronic Data, but does not include Accounts Receivable as provided below in this Form.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data, which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
 - (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage – Electronic Data, subject to the following:
 - (a) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Electronic Data.
 - (b) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
 - (c) For purposes of this Additional Coverage only, the Causes of Loss are extended to include Electrical Injury and Mechanical Breakdown.

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Electrical injury means any direct physical loss or damage to Electronic Data caused by or resulting from sudden and accidental short circuit, blow-out or other electrical disturbance, other than lightning, due to power failure, power surge, overload or any other similar disturbance that:

- (i) Occurs within electrical or Electronic Data Processing Equipment, apparatus or devices, including wiring; and
- (ii) Originates at a location specified on the Declarations page or within 1000 feet from the building containing the electrical or Electronic Data Processing Equipment, apparatus or devices.

Mechanical Breakdown means direct physical loss or damage to Electronic Data caused by or resulting from its sudden and accidental mechanical breakdown. The breakdown must manifest itself by physical damage to the Electronic Data, which necessitates repair or replacement.

- (4) The most we will pay under this Additional Coverage – Electronic Data is \$100,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

g. Extra Expense

We will pay the necessary extra expenses you incur due to a continuation of your normal operations in a temporary location or with temporary property due to loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss at any location described in the Declarations.

We will pay the costs over and above your Normal Operating Expenses which you incur that enable you to continue the operation of your business at a temporary location or with temporary equipment and only for the time reasonably necessary to repair or replace the damaged or destroyed Covered Property.

In calculating what we will pay for Extra Expenses, we will examine your books, records and accounts to determine what your Normal Operating Expenses would have been for the same period.

Normal Operating Expenses mean costs you would have incurred had no loss occurred. These costs are determined for the period of time, which begins as of the date of loss, but is not limited to the expiration date of the policy.

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

- (1) Interference at the premises by strikers or other persons causing a delay in rebuilding, repairing or replacing the property or resuming operations; or
- (2) 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 causes you Extra Expense during the “period of restoration” and any extension of the “period of restoration” in accordance with the terms of the Extra Expense Coverage.

The most we will pay under this ADDITIONAL COVERAGE is \$20,000 for any one “occurrence” during the policy period. Amounts paid under this coverage are in addition to the Limits of Insurance.

h. Money and Securities

We will pay your expenses incurred due to direct physical loss, damage or destruction of Money and Securities caused by or resulting from a Covered Cause of Loss when the Money and Securities are:

- (1) On the premises. This means:
 - (a) The premises stated in the Declarations; or

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- (b) On the premises of a financial institution; or
 - (c) On the premises of a recognized place of safe deposit.
- (2) Off the premises. This means:
- (a) In an armored vehicle; or
 - (b) In the possession of any person authorized by you; but not while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company.

Money is defined as currency, coins, bank notes, in current use and having a face value; and travelers checks, register checks and money orders held for sale to the public.

Securities are defined as negotiable and nonnegotiable instruments or contracts representing either money or property and includes:

- (a) Tokens, tickets, but not lottery tickets held for sale, 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".

The most we will pay for loss under this ADDITIONAL COVERAGE in any one "occurrence" during the policy period is \$10,000 per premises described on the Declarations and \$10,000 off the premises. Amounts paid under this coverage are in addition to the Limits of Insurance. We will pay the cost to replace the Money when loss occurs to Money. When loss to Securities occurs, we will pay the "Actual Cash Value" of the Securities at the end of the last business day before the loss is discovered or the actual cost of replacing the Securities, whichever is less. We will not cover loss of income, interest or dividends that occur as a result of a covered loss.

i. Inventory or Appraisals

We will pay the expenses you incur for a necessary inventory or appraisal that we require to assess values or determine the extent of damage after loss or damage to Covered Property by a Covered Cause of Loss at any location described in the Declarations. These expenses are in addition to the Limits of Insurance.

j. Deferred Payments

We will pay for expenses you incur caused by a Covered Cause of Loss to Personal Property in which you have an interest, but which has been sold by you under a conditional sale or trust agreement, or any installment or deferred payment plan after delivery to buyers.

In the event of a loss, coverage will be paid based on the value of the amount shown on your books as due from the buyer. In cases of partial loss and the buyer refuses to continue payment, forcing you to repossess, coverage will be valued as follows:

- (1) If the realized value of the repossessed property is greater than or equal to the amount shown on your books as due from the buyer, we will make no payment.
- (2) If the realized value of the repossessed property is less than the amount shown on your books as due from the buyer, we will pay the difference.
- (3) If partial loss occurs and the buyer continues to pay you, there will be no loss payment.

The most we will pay for loss under this ADDITIONAL COVERAGE is \$10,000 in any one "occurrence" during the policy. This amount is part of and not in addition to the Limits of Insurance.

k. Accounts Receivable

We will pay for expenses you incur due to direct physical loss or damage to your accounts receivable records (including those recorded as Electronic Data caused by or resulting from a Covered Cause of Loss at a location described on the Declarations.

- (1) The expenses we will pay include:
 - (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 accounts receivable records.
- (2) We will not pay expenses for loss or damage under this ADDITIONAL COVERAGE caused by or resulting from any of the following:
 - (a) Bookkeeping, accounting or billing errors or omissions; or
 - (b) Electrical or magnetic injury, disturbance or erasure of Electronic Data records, except as a result of a direct loss caused by lightning.

The most we will pay for direct physical loss or damage to Accounts Receivable records under this ADDITIONAL COVERAGE is \$50,000 at any one location described on the Declarations page (or within 1,000 feet of the described premises), or \$25,000 while these records are in transit, for any one "occurrence" during the policy period. These payments are in addition to the Limits of Insurance.

- (3) Loss payment will be determined as follows:
 - (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 occurred; 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.
 - (b) The following will be deducted from the total amount of Accounts Receivable, regardless of how 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.

Electronic data as used in this ADDITIONAL COVERAGE has the meaning described under Property Not Covered – Electronic Data.

I. Reward Coverage

We will reimburse you for amounts you have offered and paid as reward(s), which have led to:

- (1) The successful return of undamaged stolen Covered Property to a law enforcement agency; or
- (2) The arrest and conviction of any person(s) who have damaged or stolen any of your Covered Property.

We will pay 100% of the covered reward payment up to a maximum of \$25,000 or the amount of the payable loss if less. Amounts paid under this coverage are in addition to the Limits of Insurance. These Reward payments must be documented. No deductible applies to this ADDITIONAL COVERAGE.

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m. Fire Protective Systems Discharge

If the fire protective equipment at your covered location discharges accidentally or is activated by a Covered Cause of Loss, you may extend the insurance that applies to Your Business Personal Property to apply to your costs to:

- (1) Refill or recharge the system with the extinguishing agent(s) that were discharged; and
- (2) Replace or repair faulty valves or controls which caused the discharge.

The most we will pay under this ADDITIONAL COVERAGE is \$100,000 for any one "occurrence" during the policy period. Amounts paid under this coverage are in addition to the Limits of Insurance.

n. Utility Services

We will pay for loss of or damage to Covered Property, caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the property described below.

Loss or damage to Covered Property does not apply to loss or damage to electronic data, including destruction or corruption of electronic data.

(1) Water Supply Services

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.

The most we will pay under this ADDITIONAL COVERAGE and under the Business Income Coverage Form, if applicable, is \$25,000 for any one "occurrence" during the policy period.

o. Tenant's Building Glass

We will pay for direct physical loss of or damage to building glass at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss, provided that:

- (a) You are a tenant of the building; and
- (b) You have a contractual responsibility to insure the building glass, or a contractual responsibility to pay for loss or damage to that property.

If required by law, glass is covered at the cost of replacement with safety glazing material.

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The most we will pay in any one occurrence under this Additional Coverage is the limit of insurance shown in the Declarations for Your Business Personal Property for the premises at which the loss or damage occurred.

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

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

The most we will pay for loss or damage-under this EXTENSION is 25% of the Limit of Insurance for Building shown in the Declarations, but not more than \$1,000,000 at each building.

(2) Your Business Personal Property

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

The most we will pay for loss or damage under this EXTENSION is 10% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$500,000 at each building.

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

(3) Period Of Coverage

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

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

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

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b. 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 members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$15,000 at each described premises, but not more than \$2500 per any one covered person. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

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

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records, which exist as electronic data or to Accounts Receivable. Electronic data has the meaning described under Property Not Covered – Electronic Data.
- (2) Under this Extension, the most we will pay to replace or restore the lost information is \$50,000 at each described premises, unless a higher limit is shown in the Declarations. Amounts paid under this coverage are in addition to the Limits of Insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) , and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-Premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own or operate;
 - (b) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$25,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

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

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f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Salespersons' Samples

You may extend the insurance that applies to Your Business Personal Property to apply to personal property that is in the custody of any one salesperson and used only for sales sample purposes. This COVERAGE EXTENSION does not apply to property in the care, custody or control of your salespersons at a fair, trade show, or exhibition.

The most we will pay for direct physical loss or damage to Salespersons' Samples caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION is \$10,000 for any one "occurrence" during the policy period.

h. Consequential Damage

You may extend the insurance provided under Your Business Personal Property to apply to your "Finished Stock" which has been rendered unmarketable as a complete product due to direct physical loss or damage caused by or resulting from a Covered Cause of Loss to a part or parts of your product. We will pay for the consequential loss to the undamaged part or parts of your "Finished Stock." The "Finished Stock" must be located at a premises described In the Declarations.

As used in this COVERAGE EXTENSION, Consequential Loss or Damage means a reduction in value of insured components or parts of products due to direct physical loss or damage to other insured components or parts of such products caused by or resulting from a covered Cause of Loss.

The most we will pay for loss or damage to "Finished Stock" caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION is \$10,000 for any one "occurrence" during the policy period.

This COVERAGE EXTENSION does not afford coverage for "Finished Stock" as provided in the Brands and Labels COVERAGE EXTENSION below.

i. Brands and Labels

We will pay expenses you incur due to direct physical loss or damage to covered "stock" and labels (identifying and affixed to "stock") which have been damaged due to a Covered Cause of Loss at any location described on the Declarations, but we will retain the salvage value. We will provide coverage when you choose not to sell your damaged "stock" under your brand or label, even though the damaged "stock" has a salvage value.

We will pay reasonable costs you incur to:

- (1) Remove the brand or label, if doing so will not physically damage the merchandise and then re-label the "stock" to comply with the law; or

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- (2) Identify (by stamping or labeling) the damaged "stock" as salvage if doing so causes no further damage to the damaged "stock".

In either case, we will pay the smallest of the following:

- (1) The salvage value of the damaged "stock" with the brand or label attached; or
- (2) The salvage value of the damaged "stock" with the brand or label removed.

The most we will pay for loss or damage under this COVERAGE EXTENSION is \$25,000 for any one "occurrence" during the policy period.

This COVERAGE EXTENSION does not afford coverage to "Finished Stock" as provided under the Consequential Damage COVERAGE EXTENSION.

j. Installation

You may extend the insurance that applies to Your Business Personal Property or the Personal Property of Others in your care, custody and control, to apply to Covered Property, which is being installed and intended to become a permanent part of the installation or building.

This property does not include:

- (1) Personal property not intended to become part of the installation;
- (2) Tools; or
- (3) Contractors' equipment.

We will cover this property while at a job site or while temporarily warehoused and awaiting installation. We will also cover the property while being installed and during testing.

Coverage ceases when the earliest of the following occurs:

- (1) The policy expires or is cancelled;
- (2) The covered property is accepted by the purchaser;
- (3) Your insurable interest in the covered property ceases;
- (4) You abandon your installation, fabrication, or erection project with no intent to complete it.
- (5) The installation, fabrication, or erection project has been completed for more than 30 days; or
- (6) The covered property has been put to its intended use. However, this does not apply to roofs or walls.

At the time of loss, payment will be based on the "Replacement Cost" valuation of the property.

The most we will pay for direct physical loss or damage to Your Business Personal Property or the Personal Property of Others in your care, custody and control caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION in any one "occurrence" during the policy period is:

- (1) \$25,000 at any one job site; or
- (2) \$25,000 while the property is in transit; or
- (3) \$25,000 at a temporary warehouse location.

k. Fine Arts

You may extend the insurance that applies to Your Business Personal Property and the Personal Property of Others to apply to art work, statues, or other art objects you own or the Fine Arts owned by others in your care, custody and control while this property is at the premises stated in the Declarations.

As used in this COVERAGE EXTENSION, Fine Arts means paintings, etchings, pictures, tapestries, art glass windows, and other bona fide works of art of rarity, historical value or artistic merit.

The most we will pay for direct physical loss or damage to Fine Arts caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION is \$25,000 at the premises stated on the Declarations or \$5,000 while the property is in transit for any one "occurrence" during the policy period.

In the event of loss, payment for Fine Arts will be valued at the market value of the item(s) at the time of loss.

In the event of loss to a part of an article of Fine Arts, represented in a pair or set, our payment will be the lesser of:

- (1) The market value of the entire pair or set (however, you must surrender the remaining pieces of the pair or set which are undamaged to us); or
- (2) The cost to repair the damaged pieces (you retain the remaining undamaged pieces). However, if the pair or set is consequently valued at a lower amount, we will also pay the difference between the original market value of the undamaged pair or set and the market value of the repaired pair or set.

As respects this Fine Arts Coverage only, marring or scratching shall be included as a Covered Cause of Loss.

i. Laptop Computers

We cover direct physical loss or damage caused by a covered peril to laptop computers in the custody of any employee or owner while:

- (1) Away from a covered location; or
- (2) In transit between covered locations.

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

m. Expediting Expenses

We will pay for the expediting expense loss resulting from an "equipment breakdown" with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

- (1) Make temporary repairs;
- (2) Expedite permanent repairs; and
- (3) Expedite permanent replacement.

Reasonable extra cost shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

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

n. Refrigerant Contamination

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity controlled equipment at the described premises as a result of "equipment breakdown".

The most we will pay for loss or damage under this coverage is \$25,000 unless a higher limit is provided by an endorsement to this form. In that case, whichever limit is greater will apply.

o. Spoilage Coverage

We will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by "equipment breakdown" to types of property covered by this policy that are:

- (1) Located on or within 1,000 feet of your described premises, and
- (2) Owned or operated by you, the building owner at your described premises, or owned by a public utility; and

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- (3) Used to supply telephone, electricity, air conditioning, heating, gas, water or steam to your described premises.

The most we will pay for loss or damage under this coverage is \$25,000 unless a higher limit is provided by an endorsement to this form. In that case, whichever limit is greater will apply.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion, explosion, windstorm, hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See Part Two - Causes of Loss Special Form.

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.

Payments under the following ADDITIONAL COVERAGES will not increase the applicable Limit of Insurance:

1. Preservation of Property;
2. Debris Removal;
3. Deferred Payments;

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

1. Fire Department Service Charge;
2. Pollutant Clean Up and Removal;
3. Ordinance or Law;
4. Electronic Data (other than Accounts Receivable);
5. Extra Expense;
6. Money and Securities;
7. Inventory or Appraisals;
8. Accounts Receivable;
9. Reward Coverage; or
10. Fire Protective Systems Discharge.

If a loss or damage to the same property is covered under more than one ADDITIONAL COVERAGE or COVERAGE EXTENSION, only the higher or highest applicable limit shall be payable.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss) , we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible	\$250
Limit of Insurance - Building #1:	\$60,000
Limit of Insurance - Building #2:	\$80,000
Loss to Building #1:	\$60,100
Loss to Building #2:	\$90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

$$\$60,100 - 250 = \$ 59,850 \text{ Loss Payable - Building \#1}$$

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

$$\text{Total amount of loss payable: } \$59,850 + 80,000 = \$139, 850$$

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No.1.

Loss to Building #1:	\$70,000 (exceeds Limit of Insurance plus Deductible)
Loss to Building #2:	\$90,000 (exceeds Limit of Insurance plus Deductible)
Loss Payable - Building #1:	\$60,000 (Limit of Insurance)
Loss Payable- Building #2:	\$80,000 (Limit of Insurance)
Total amount of loss payable:	\$140,000

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

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- (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 and 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.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. 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 give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- 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.
- 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

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(2) An appraisal award has been made.

- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer of Rights Of Recovery Against Others To Us Condition in this policy.

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

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

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

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1) (a) through b.(1) (f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

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

- a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs 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. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- 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. Tenants' 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. Property covered under any ADDITIONAL COVERAGES OR COVERAGE EXTENSIONS will be valued on an "Actual Cash Value" basis, unless specifically indicated otherwise in the provisions.

F. Additional Conditions

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

1. Coinsurance

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

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

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

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

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- (4) Subtract the deductible from the figure determined in Step (3). We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the Property is	\$250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$100,000
	The Deductible is	\$250
	The amount of loss is	\$40,000
Step (1):	$\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)	
Step (2):	$\$100,000 / \$200,000 = .50$	
Step (3):	$\$40,000 \times .50 = \$20,000$	
Step (4):	$\$20,000 - \$250 = \$19,750$	

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

EXAMPLE #2 (ADEQUATE INSURANCE)

When:	The value of the property is:	\$250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$200,000
	The Deductible is:	\$250
	The amount of loss is:	\$40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

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

When: The value of property is:

Building at Location #1:	\$75,000
Building at Location #2:	\$100,000
Personal Property at Location #2:	\$75,000
	\$250,000
The Coinsurance percentage for it is	90%
The Limit of Insurance for Building and Personal Property at Location #1 and #2 is	\$180,000
The Deductible is:	\$1,000

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The amount of loss is:

Building at Location #2:	\$30,000
Personal Property at Location #2:	\$20,000
	<hr/>
	\$50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(The minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 / \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

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

2. 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 proof 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.

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- 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.

3. Other Insurance

Subparagraph 2. of Paragraph G of the **Commercial Property Conditions** is deleted and replaced with the following subparagraphs 2. and 3.

- 2. If you have any other insurance, which more specifically insures any of the property or exposures covered under Part One or Part Two of this Form such as but not limited to Inland Marine policies, then no coverage shall be afforded such property or exposures under this Form whether or not you can collect on that insurance and whether or not your loss or damage is fully covered by that insurance.
- 3. If there is other insurance covering the same loss or damage, other than that described in 1. or 2. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

4. Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, we may immediately suspend the insurance against loss to that Covered Property for "equipment breakdown". Coverage can be suspended and reinstated by delivering or mailing a written notice of suspension/coverage reinstatement to:

- (a) Your last known address; or
- (b) The address where the property is located.

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

5. Inspections and Surveys

- a. We have the right to:
 - (1) Make inspections and surveys at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - (1) Are safe or healthful; or
 - (2) Comply with laws, regulations, codes or standards.
- c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
- d. Paragraph b. of this condition does not apply to any inspection, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied 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 $\$100,000 \times .08 \times 146 / 365 = \$3,200$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
 - (4) "Stock", unless the "Including Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- 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 intent 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

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- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
 - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace 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 actually spent that is necessary to repair or replace the lost or damaged property.
- If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost, which would have been incurred if the building had been rebuilt at the original premises.
- f. 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.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Actual Cash Value" means the "Replacement Cost" valuation of the property minus depreciation.
2. "Equipment Breakdown" as used herein means:
 - a. Physical loss or damage both originating within:
 - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - (a) Waste disposal piping;
 - (b) Any piping forming part of a fire protection system;
 - (c) Furnaces; and
 - (d) Any water piping other than
 - (i) Boiler feed water piping between the feed pump and the boiler;
 - (ii) Boiler condensate return piping; or
 - (iii) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes

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- (2) All mechanical, electrical, electronic or fiber optic equipment; and
- b. Caused by, resulting from, or consisting of:
 - (1) Mechanical Breakdown;
 - (2) Electrical or electronic breakdown; or
 - (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "equipment breakdown" will not mean:

Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- (1) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any "hardware", programs or software;
- (2) Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following Causes of Loss:
 - Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement and flood.
- 3. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 4. "Occurrence" means a single incident, accident or event, or any sequence of incidents, accidents or events which cause a loss, which is unintended, unexpected and not directed by you, nor through any agent acting on your behalf, which causes loss or damage to Covered Property by means of or through any Covered Cause of Loss.
- 5. "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.
- 6. "Replacement Cost" means the full cost to repair or replace the property at the time and place of the loss without deduction for depreciation.
- 7. "Stock" or "Finished 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.
- 8. "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss if the controlled conditions change.

PART TWO – SPECIAL CAUSES OF LOSS

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

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a. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b. (1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) 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.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from 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.

c. 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.

d. 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.

e. 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;

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- (3) Water that backs up or overflows from a sewer, drain or sump; however, we will pay for loss due to water that backs up from a sewer, drain or sump on premises to a maximum of \$100,000 per any one "occurrence". We will not pay for loss or damage caused directly or indirectly by water that backs up from a sewer, drain or sump off premises, or where the actual cause of the backup is located off premises.
- (4) 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 **e.(1)** through **e.(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

f. "Fungus", Wet Rot, Dry Rot And Bacteria

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

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

This exclusion does not apply:

- 1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
- 2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.f.** apply whether or not the loss event results in widespread damage or affects a substantial area.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Delay, loss of use or loss of market.
 - b. Smoke, vapor or gas from agricultural smudging or industrial operations.
 - c. (1) Wear and tear;
 - (2) Rust or other corrosion, 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) 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, except as provided under the Fine Arts Coverage Extension.

As respects loss to personal property caused by **(6)(a)** or **(b)** and not caused by "fungus," wet rot or bacteria or by continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more, we will pay a maximum of \$10,000 per any one occurrence.

But if an excluded cause of loss that is listed in **2.c.(1)** through **(6)** 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.

- d. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, other than the \$10,000 coverage for dampness of atmosphere provided under Exclusion **2.c.(6)**, that occurs over a period of 14 days or more.
- e. 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.
- f. 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 to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- g. 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.
- h. Rain, snow, ice or sleet to personal property in the open.
- i. Collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

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.

This exclusion, i., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.
- j. 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," except as provided under ADDITIONAL COVERAGE (m.) Fire Protective Systems Discharge. But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified cause of loss".

This exclusion, j., does not apply to damage to glass caused by chemicals applied to the glass.
- k. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time 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.

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- a. 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, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
 of part or all of any property on or off the described premises.

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 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" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (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.

b. **Leasehold Interest Coverage Form**

- (1) 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.b.**, Governmental Action;

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- (b) Paragraph **B.1.c**, Nuclear Hazard; and
- (c) Paragraph **B.1.e.**, War And Military Action.

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

(a) Contractual Liability

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

- (i) Your assumption of liability was executed prior to the occurrence and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

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. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - b. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - (3) Coverage provided under the Installation Coverage Extension.
 - 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.

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- d. 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:
- a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
- However, this limitation does not apply:
- (1) If the property is located on or within 1000 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
 - (3) Coverage provided under the Installation Coverage Extension.

3. The special limit shown for each category, **a.** through **d.**, 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. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones and \$25,000 for bullion, gold, silver, platinum and other precious alloys or metals. The \$2500 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, except as provided under ADDITIONAL COVERAGE Money and Securities.

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

This limitation, **C.3.**, does not apply to Business Income Coverage, Extra Expense Coverage, or such coverage as is provided by the ADDITIONAL COVERAGE Fire Protective Systems Discharge.

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

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

- 1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- 2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

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- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.
- 3.** This **Additional Coverage – Collapse** does **not** apply to:
- a. A building or any part of a building that is in danger of falling down or caving in;
 - b. A part of a building that is standing, even if it has separated from another part of the building; or
 - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 4.** With respect to the following property:
- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and 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 an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.** we will pay for loss or damage to that property only if:
- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
 - (2) The property is Covered Property under this Coverage Form.
- 5.** If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**
 - b. The personal property which collapses is inside a building; and
 - c. The property, which collapses, is not of a kind listed in **4.** above, regardless of whether that kind of property is considered to be personal property or real property.

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Except as provided under the Fine Arts Coverage Extension, the coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching are the only damage to that personal property caused by the collapse.

6. This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage caused by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under **E.2.** of this Limited Coverage is limited to \$50,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$50,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

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- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 1000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

We will pay for shipments of property sent by mail only if sent by means of registered mail service provided by the U.S. Postal Service.

We will also pay for your interest in shipments sold "Free on Board" under the following circumstances:

When the title of a shipment passes to the consignee and if the consignee refuses to pay because the shipment is lost or damaged, you may elect to claim that loss under this insurance. We will not attempt to collect from the consignee unless you:

- (1) Provide us with your written consent to do so; and
 - (2) Assign us your right of action.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
 - c. The most we will pay for loss or damage under this EXTENSION is \$25,000 for any one "occurrence" during the policy period.

This COVERAGE EXTENSION is additional insurance. The ADDITIONAL CONDITIONS, COINSURANCE does not apply to this EXTENSION. This Additional Coverage Extension does not cover Salespersons' Samples or Property Off-Premises as provided in the Coverage Extensions of Part One.

2. Water Damage, Other Liquids, 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. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

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- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **F.3.**, does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "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; equipment breakdown.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) 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.
 - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

CONTRACTOR'S ADVANTAGE PROGRAM COMMERCIAL PROPERTY COVERAGE **PART**

PART ONE - BUILDING AND PERSONAL PROPERTY COVERAGE

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 premises described 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 type 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 1000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.
- (6) The following while located on your described premises:
 - (a) Antennas, satellite dishes and other communication equipment necessary to operate your business as a contractor; and
 - (b) Signs, whether or not attached to buildings or structures.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises, 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;

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- (2) Machinery and equipment;
 - (3) "Stock";
 - (4) All other personal property owned by you and used in your business, including computers;
 - (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 for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.
- 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 1000 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, food stamps or other evidences of debt, money, notes or securities except as provided for and defined in Additional Coverage (h.) Money and Securities of this Coverage Form. 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 except as respects off premises or transit coverage as provided in the Additional Coverages or Coverage Extensions of this Form or the Causes of Loss—Special Form.
- 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;

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- n. Electronic data, except as provided under the 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) Fences, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See **Part Two: Special Causes Of Loss.**

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), 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) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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- (4) We will pay up to an additional \$50,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$50,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example #1

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$50,000
Amount of Loss Payable	\$49,500
	(\$50,000 - \$500)
Debris Removal Expense	\$10,000
Debris Removal Expense Payable	\$10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example #2

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$80,000
Amount of Loss Payable	\$79,500
	(\$80,000 - \$500)
Debris Removal Expense	\$30,000
Debris Removal Expense Payable	
Basic Amount	\$10,500
Additional Amount	\$19,500

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

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The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$19,500, which is less than the \$50,000 maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is the full cost of \$30,000.

b. Preservation Of Property

If it is necessary to move Covered Property from the described 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 90 days after the property is first moved. We will also pay your expenses up to \$5,000 to move covered property from the described premises to preserve it from loss or damage by a covered cause of loss.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay 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. Amounts paid under this coverage are in addition to the Limits of Insurance.

d. Pollutant Clean Up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from 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 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 \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy. Amounts paid under this coverage are in addition to the Limits of Insurance.

e. Ordinance or Law

- (1) **Each Coverage** – For Coverage (A), Coverage (B) and Coverage (C) the maximum we will pay for loss or damage under this provision is \$250,000 in any one occurrence.

- (2) **Coverage Applies:**

Coverage applies only if both (2) (a) and (2) (b) are satisfied and are then subject to the qualifications set forth in (2)(c).

- (a) The ordinance or law:
 - (i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - (ii) Is in force at the time of loss.

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But coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

- (b) (i) The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
 - (ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.
 - (iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this section even if the building has also sustained covered direct physical damage.
- (c) In the situation described in (2) (b) (ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this section. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss, up to the \$250,000, otherwise payable under the terms of Coverages **(A)**, **(B)**, and/or **(C)**.

- (3) We will not pay under Coverage **(A)**, **(B)**, or **(C)** of this form for:
- (a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(4) Coverage

(a) Coverage (A) – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **(A)** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage (B) – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

(c) Coverage (C) – Increased Cost of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

1. Repair or reconstruct damaged portions of that building; and/or

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2. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

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

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

(ii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c) (i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i)**.

1. The cost of excavations, grading, backfilling and filling;
2. Foundation of the building;
3. Pilings; and
4. Underground pipes, flues and drains.

The items listed in **(ii) 1** through **(ii) 4** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c) (ii)**.

(5) Loss Payment

- (a)** All following loss payment Provisions, **(5)(b)** through **(5)(d)**, are subject to the apportionment procedures set forth in Section **e.(2)(c)** of this Additional Coverage.
- (b)** When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - (i)** If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 1. The amount you would 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
 2. The Limit of Insurance shown in the Declarations as applicable to the covered building.
 - (ii)** If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:
 1. The actual cash value of the building at the time of loss; or
 2. The Limit of Insurance shown in the Declarations as applicable to the covered building.
- (c)** Loss payment under Coverage **B. Demolition Cost Coverage** will be determined as follows:

We will not pay more than the lesser of the following:

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

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- (ii) The Limit stated in e.(1).
- (d) Loss payment under Coverage C – Increased Cost of Construction Coverage will be determined as follows:
 - (i) We will not pay under Coverage C:
 1. Until the property is actually repaired or replaced, at the same or another premises; and
 2. Unless the repairs or replacement 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.
 - (ii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
 1. The increased cost of construction at the same premises or;
 2. The Limit specified in e.(1).
 - (iii) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 1. The increased cost of construction at the new premises
 2. The Limit specified in e. (1).
- (6) The terms of this additional coverage apply separately to each building to which this section applies.
- (7) Under this additional coverage we will not pay for loss due to any ordinance or law that:
 - (a) You were required to comply with before the loss, even if the building was undamaged; and
 - (b) You failed to comply with.
- f. **Electronic Data (Other than Accounts Receivable)**
 - (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered – Electronic Data, but does not include Accounts Receivable as provided below in this Form.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data, which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
 - (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage – Electronic Data, subject to the following:
 - (a) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Electronic Data.
 - (b) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
 - (c) For purposes of this Additional Coverage only, the Causes of Loss are extended to include Electrical Injury and Mechanical Breakdown.

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Electrical injury means any direct physical loss or damage to Electronic Data caused by or resulting from sudden and accidental short circuit, blow-out or other electrical disturbance, other than lightning, due to power failure, power surge, overload or any other similar disturbance that:

- (i) Occurs within electrical or Electronic Data Processing Equipment, apparatus or devices, including wiring; and
- (ii) Originates at a location specified on the Declarations page or within 1000 feet from the building containing the electrical or Electronic Data Processing Equipment, apparatus or devices.

Mechanical Breakdown means direct physical loss or damage to Electronic Data caused by or resulting from its sudden and accidental mechanical breakdown. The breakdown must manifest itself by physical damage to the Electronic Data, which necessitates repair or replacement.

- (4) The most we will pay under this Additional Coverage – Electronic Data is \$100,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

g. Extra Expense

We will pay the necessary extra expenses you incur due to a continuation of your normal operations in a temporary location or with temporary property due to loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss at any location described in the Declarations.

We will pay the costs over and above your Normal Operating Expenses which you incur that enable you to continue the operation of your business at a temporary location or with temporary equipment and only for the time reasonably necessary to repair or replace the damaged or destroyed Covered Property.

In calculating what we will pay for Extra Expenses, we will examine your books, records and accounts to determine what your Normal Operating Expenses would have been for the same period.

Normal Operating Expenses mean costs you would have incurred had no loss occurred. These costs are determined for the period of time, which begins as of the date of loss, but is not limited to the expiration date of the policy.

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

- (1) Interference at the premises by strikers or other persons causing a delay in rebuilding, repairing or replacing the property or resuming operations; or
- (2) 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 causes you Extra Expense during the “period of restoration” and any extension of the “period of restoration” in accordance with the terms of the Extra Expense Coverage.

The most we will pay under this ADDITIONAL COVERAGE is \$20,000 for any one “occurrence” during the policy period. Amounts paid under this coverage are in addition to the Limits of Insurance.

h. Money and Securities

We will pay your expenses incurred due to direct physical loss, damage or destruction of Money and Securities caused by or resulting from a Covered Cause of Loss when the Money and Securities are:

- (1) On the premises. This means:
 - (a) The premises stated in the Declarations; or

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- (b) On the premises of a financial institution; or
 - (c) On the premises of a recognized place of safe deposit.
- (2) Off the premises. This means:
- (a) In an armored vehicle; or
 - (b) In the possession of any person authorized by you; but not while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company.

Money is defined as currency, coins, bank notes, in current use and having a face value; and travelers checks, register checks and money orders held for sale to the public.

Securities are defined as negotiable and nonnegotiable instruments or contracts representing either money or property and includes:

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

But does not include "money" or lottery tickets held for sale.

The most we will pay for loss under this ADDITIONAL COVERAGE in any one "occurrence" during the policy period is \$10,000 per premises described on the Declarations and \$10,000 off the premises. Amounts paid under this coverage are in addition to the Limits of Insurance. We will pay the cost to replace the Money when loss occurs to Money. When loss to Securities occurs, we will pay the "Actual Cash Value" of the Securities at the end of the last business day before the loss is discovered or the actual cost of replacing the Securities, whichever is less. We will not cover loss of income, interest or dividends that occur as a result of a covered loss.

i. Inventory or Appraisals

We will pay the expenses you incur for a necessary inventory or appraisal that we require to assess values or determine the extent of damage after loss or damage to Covered Property by a Covered Cause of Loss at any location described in the Declarations. These expenses are in addition to the Limits of Insurance.

j. Accounts Receivable

We will pay for expenses you incur due to direct physical loss or damage to your accounts receivable records (including those recorded as Electronic Data) caused by or resulting from a Covered Cause of Loss at a location described on the Declarations.

- (1) The expenses we will pay include:
- (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 accounts receivable records.
- (2) We will not pay expenses for loss or damage under this ADDITIONAL COVERAGE caused by or resulting from any of the following:
- (a) Bookkeeping, accounting or billing errors or omissions; or
 - (b) Electrical or magnetic injury, disturbance or erasure of Electronic Data records, except as a result of a direct loss caused by lightning.

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The most we will pay for direct physical loss or damage to Accounts Receivable records under this ADDITIONAL COVERAGE is \$50,000 at any one location described on the Declarations page (or within 1,000 feet of the described premises), or \$25,000 while these records are in transit, for any one "occurrence" during the policy period. These payments are in addition to the Limits of Insurance.

(3) Loss payment will be determined as follows:

- (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 occurred; 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.
- (b)** The following will be deducted from the total amount of Accounts Receivable, regardless of how 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.

Electronic data as used in this ADDITIONAL COVERAGE has the meaning described under Property Not Covered – Electronic Data.

k. Reward Coverage

We will reimburse you for amounts you have offered and paid as reward(s), which have led to:

- (1)** The successful return of undamaged stolen Covered Property to a law enforcement agency; or
- (2)** The arrest and conviction of any person(s) who have damaged or stolen any of your Covered Property.

We will pay 100% of the covered reward payment up to a maximum of \$25,000 or the amount of the payable loss if less. Amounts paid under this coverage are in addition to the Limits of Insurance. These Reward payments must be documented. No deductible applies to this ADDITIONAL COVERAGE.

l. Fire Protective Systems Discharge

If the fire protective equipment at your covered location discharges accidentally or is activated by a Covered Cause of Loss, you may extend the insurance that applies to Your Business Personal Property to apply to your costs to:

- (1)** Refill or recharge the system with the extinguishing agent(s) that were discharged; and
- (2)** Replace or repair faulty valves or controls which caused the discharge.

The most we will pay under this ADDITIONAL COVERAGE is \$100,000 for any one "occurrence" during the policy period. Amounts paid under this coverage are in addition to the Limits of Insurance.

m. Utility Services

We will pay for loss of or damage to Covered Property, caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the property described below.

Loss or damage to Covered Property does not apply to loss or damage to electronic data, including destruction or corruption of electronic data.

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(1) Water Supply Services

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.

The most we will pay under this ADDITIONAL COVERAGE and under the Business Income Coverage Form, if applicable, is \$25,000 for any one "occurrence" during the policy period.

n. Deferred Payments

We will pay for expenses you incur caused by a Covered Cause of Loss to Personal Property in which you have an interest, but which has been sold by you under a conditional sale or trust agreement, or any installment or deferred payment plan after delivery to buyers.

In the event of a loss, coverage will be paid based on the value of the amount shown on your books as due from the buyer. In cases of partial loss and the buyer refuses to continue payment, forcing you to repossess, coverage will be valued as follows:

- (1) If the realized value of the repossessed property is greater than or equal to the amount shown on your books as due from the buyer, we will make no payment.
- (2) If the realized value of the repossessed property is less than the amount shown on your books as due from the buyer, we will pay the difference.
- (3) If partial loss occurs and the buyer continues to pay you, there will be no loss payment.

The most we will pay for loss under this ADDITIONAL COVERAGE is \$10,000 in any one "occurrence" during the policy. This amount is part of and not in addition to the Limits of Insurance.

o. Tenant's Building Glass

We will pay for direct physical loss of or damage to building glass at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss, provided that:

- (a) You are a tenant of the building; and
- (b) You have a contractual responsibility to insure the building glass, or a contractual responsibility to pay for loss or damage to that property.

If required by law, glass is covered at the cost of replacement with safety glazing material.

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The most we will pay in any one occurrence under this Additional Coverage is the limit of insurance shown in the Declarations for Your Business Personal Property for the premises at which the loss or damage occurred.

5. Coverage Extensions

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

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

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

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

The most we will pay for loss or damage under this EXTENSION is 50% of the Limit of Insurance for Building shown in the Declarations, but not more than \$1,000,000 at each building.

(2) Your Business Personal Property

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

The most we will pay for loss or damage under this EXTENSION is 25% of the Limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$500,000 at each building.

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

(3) Period Of Coverage

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

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

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

b. 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 members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$15,000 at each described premises, but not more than \$2500 per any one covered person. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

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

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records, which exist as electronic data or to Accounts Receivable. Electronic data has the meaning described under Property Not Covered – Electronic Data.
- (2) Under this Extension, the most we will pay to replace or restore the lost information is \$50,000 at each described premises, unless a higher limit is shown in the Declarations. Amounts paid under this coverage are in addition to the Limits of Insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-Premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own or operate;
 - (b) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$25,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

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

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Installation

You may extend the insurance that applies to Your Business Personal Property or the Personal Property of Others in your care, custody and control, to apply to Covered Property, which is being installed and intended to become a permanent part of the installation or building.

This property does not include:

- (1) Personal property not intended to become part of the installation;
- (2) Tools; or
- (3) Contractors' equipment.

We will cover this property while at a job site or while temporarily warehoused and awaiting installation. We will also cover the property while being installed and during testing.

Coverage ceases when the earliest of the following occurs:

- (1) The policy expires or is cancelled;
- (2) The covered property is accepted by the purchaser;
- (3) Your insurable interest in the covered property ceases;
- (4) You abandon your installation, fabrication, or erection project with no intent to complete it;
- (5) The installation, fabrication, or erection project has been completed for more than 30 days; or
- (6) The covered property has been put to its intended use. However, this does not apply to roofs or walls.

At the time of loss, payment will be based on the "Replacement Cost" valuation of the property.

The most we will pay for direct physical loss or damage to Your Business Personal Property or the Personal Property of Others in your care, custody and control caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION in any one "occurrence" during the policy period is:

- (1) \$25,000 at any one job site; or

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- (2) \$25,000 while the property is in transit; or
- (3) \$25,000 at a temporary warehouse location.

h. Fine Arts

You may extend the insurance that applies to Your Business Personal Property and the Personal Property of Others to apply to art work, statues, or other art objects you own or the Fine Arts owned by others in your care, custody and control while this property is at the premises stated in the Declarations.

As used in this COVERAGE EXTENSION, Fine Arts means paintings, etchings, pictures, tapestries, art glass windows, and other bona fide works of art of rarity, historical value or artistic merit.

The most we will pay for direct physical loss or damage to Fine Arts caused by or resulting from a Covered Cause of Loss under this COVERAGE EXTENSION is \$25,000 at the premises stated on the Declarations or \$5,000 while the property is in transit for any one "occurrence" during the policy period.

In the event of loss, payment for Fine Arts will be valued at the market value of the item(s) at the time of loss.

In the event of loss to a part of an article of Fine Arts, represented in a pair or set, our payment will be the lesser of:

- (1) The market value of the entire pair or set (however, you must surrender the remaining pieces of the pair or set which are undamaged to us); or
- (2) The cost to repair the damaged pieces (you retain the remaining undamaged pieces). However, if the pair or set is consequently valued at a lower amount, we will also pay the difference between the original market value of the undamaged pair or set and the market value of the repaired pair or set.

As respects this Fine Arts Coverage only, marring or scratching shall be included as a Covered Cause of Loss.

i. Laptop Computers

We cover direct physical loss or damage caused by a covered peril to laptop computers in the custody of any employee or owner while:

- (1) Away from a covered location; or
- (2) In transit between covered locations.

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

j. Expediting Expense

We will pay for the expediting expense loss resulting from an "equipment breakdown" with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

- (1) Make temporary repairs;
- (2) Expedite permanent repairs; and
- (3) Expedite permanent replacement.

Reasonable extra cost shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

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

k. Refrigerant Contamination

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity controlled equipment at the described premises as a result of "equipment breakdown".

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The most we will pay for loss or damage under this coverage is \$25,000 unless a higher limit is provided by an endorsement to this form. In that case, whichever limit is greater will apply.

I. Spoilage Coverage

We will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by "equipment breakdown" to types of property covered by this policy that are:

- (1) Located on or within 1,000 feet of your described premises, and
- (2) Owned or operated by you, the building owner at your described premises, or owned by a public utility; and
- (3) Used to supply telephone, electricity, air conditioning, heating, gas, water or steam to your described premises.

The most we will pay for loss or damage under this coverage is \$25,000 unless a higher limit is provided by an endorsement to this form. In that case, whichever limit is greater will apply.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion, explosion, windstorm, hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See Part Two - Causes of Loss Special Form.

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.

Payments under the following ADDITIONAL COVERAGES will not increase the applicable Limit of Insurance:

1. Preservation of Property;
2. Debris Removal;
3. Deferred Payments.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

1. Fire Department Service Charge;
2. Pollutant Clean Up and Removal;
3. Ordinance or Law;
4. Electronic Data (other than Accounts Receivable);
5. Extra Expense;
6. Money and Securities;
7. Inventory or Appraisals;
8. Accounts Receivable;
9. Reward Coverage; or
10. Fire Protective Systems Discharge.

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If a loss or damage to the same property is covered under more than one ADDITIONAL COVERAGE or COVERAGE EXTENSION, only the higher or highest applicable limit shall be payable.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss) , we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible	\$250
Limit of Insurance - Building #1:	\$60,000
Limit of Insurance --Building # 2:	\$80,000
Loss to Building #1:	\$60,100
Loss to Building #2:	\$90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

$$\$60,100 - 250 = \$ 59,850 \text{ Loss Payable - Building \# 1}$$

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building # 2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

$$\text{Total amount of loss payable: } \$59,850 + 80,000 = \$139, 850$$

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No.1.

Loss to Building #1:	\$70,000 (exceeds Limit of Insurance plus Deductible)
Loss to Building # 2:	\$90,000 (exceeds Limit of Insurance plus Deductible)
Loss Payable - Building #1:	\$60,000 (Limit of Insurance)
Loss Payable - Building #2:	\$80,000 (Limit of Insurance)
Total amount of loss payable:	\$140,000

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss 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 and 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.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

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- b. 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 give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- 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.
- 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.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer of Rights Of Recovery Against Others To Us Condition in this policy.

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

a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
 - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (ii) Used by the building owner to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;
 - (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in **b.(1) (a)** through **b.(1) (f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

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

- a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs 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. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- 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. Property covered under any ADDITIONAL COVERAGES OR COVERAGE EXTENSIONS will be valued on an "Actual Cash Value" basis, unless specifically indicated otherwise in the provisions.

F. Additional Conditions

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

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1. Coinsurance

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

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

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

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3). We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the Property is	\$250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$100,000
	The Deductible is	\$250
	The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 / \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

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

EXAMPLE #2 (ADEQUATE INSURANCE)

When:	The value of the property is	\$250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$200,000
	The Deductible is	\$250
	The amount of loss is	\$40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies. **EXAMPLE #3**

When: The value of property is:

Building at Location # 1	\$75,000
Building at Location # 2	\$100,000
Personal Property at Location # 2.	\$75,000
	<hr/>
	\$250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for Building and Personal Property at Location Nos. 1 and 2 is \$180,000

The Deductible is \$1,000

The amount of loss is:

Building at Location # 2	\$30,000
Personal Property at Location # 2.	\$20,000
	<hr/>
	\$50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(The minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 / \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

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

2. 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 proof 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.

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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.

3. Other Insurance

Subparagraph 2. of Paragraph G of the **Commercial Property Conditions** is deleted and replaced with the following subparagraphs 2. and 3.

- 2. If you have any other insurance, which more specifically insures any of the property or exposures covered under Part One or Part Two of this Form such as but not limited to Inland Marine policies, then no coverage shall be afforded such property or exposures under this Form whether or not you can collect on that insurance and whether or not your loss or damage is fully covered by that insurance.
- 3. If there is other insurance covering the same loss or damage, other than that described in 1. or 2. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

4. Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, we may immediately suspend the insurance against loss to that Covered Property for equipment breakdown. Coverage can be suspended and reinstated by delivering or mailing a written notice of suspension/coverage reinstatement to:

- (a) Your last known address; or
- (b) The address where the property is located.

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

5. Inspections and Surveys

- a. We have the right to:
 - (1) Make inspections and surveys at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - (1) Are safe or healthful; or
 - (2) Comply with laws, regulations, codes or standards.
- c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

- d. Paragraph b. of this condition does not apply to any inspection, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied 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 $\$100,000 \times .08 \times 146 / 365 = \$3,200$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
 - (4) "Stock", unless the "Including Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

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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 intent 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.

With respect to tenants' improvements and betterments, the following also apply:

(3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and

(4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:

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

(2) The cost to replace 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 actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost, which would have been incurred if the building had been rebuilt at the original premises.

f. 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.

4. Extension Of Replacement Cost To Personal Property Of Others

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Actual Cash Value" means the "Replacement Cost" valuation of the property minus depreciation.

2. "Equipment Breakdown" as used herein means:

a. Physical loss or damage both originating within:

(1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:

(a) Waste disposal piping;

(b) Any piping forming part of a fire protection system;

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- (c) Furnaces; and
- (d) Any water piping other than
 - (i) Boiler feed water piping between the feed pump and the boiler;
 - (ii) Boiler condensate return piping; or
 - (iii) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes
- (2) All mechanical, electrical, electronic or fiber optic equipment; and
- b. Caused by, resulting from, or consisting of:
 - (1) Mechanical Breakdown;
 - (2) Electrical or electronic breakdown; or
 - (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "equipment breakdown" will not mean:

Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- (1) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any "hardware", programs or software;
- (2) Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following Causes of Loss:

Fire, lightning, combustion, explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement and flood.

- 3. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 4. "Occurrence" means a single incident, accident or event, or any sequence of incidents, accidents or events which cause a loss, which is unintended, unexpected and not directed by you, nor through any agent acting on your behalf, which causes loss or damage to Covered Property by means of or through any Covered Cause of Loss.
- 5. "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.
- 6. "Replacement Cost" means the full cost to repair or replace the property at the time and place of the loss without deduction for depreciation.
- 7. "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.
- 8. "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss if the controlled conditions change.

PART TWO – SPECIAL CAUSES OF LOSS

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

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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. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **a. (1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) 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.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from 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.

c. 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.

d. 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.

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e. 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 **f.(1)** through **f.(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.

f. "Fungus", Wet Rot, Dry Rot And Bacteria

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

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

This exclusion does not apply:

- 1.** When "fungus", wet or dry rot or bacteria results from fire or lightning; or
- 2.** To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.f.** apply whether or not the loss event results in widespread damage or affects a substantial area.

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

- a.** Delay, loss of use or loss of market.
- b.** Smoke, vapor or gas from agricultural smudging or industrial operations.
- c.**
 - (1)** Wear and tear;
 - (2)** Rust or other corrosion, 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)** 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, except as provided under the Fine Arts Coverage Extension.

As respects loss to personal property caused by **(6)(a)** or **(b)** and not caused by "fungus," wet rot or bacteria or by continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more, we will pay a maximum of \$10,000 per any one occurrence.

But if an excluded cause of loss that is listed in **2.c (1)** through **(6)** 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.

- d. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, other than the \$10,000 coverage for dampness of atmosphere provided under Exclusion **2.c. (6)**, that occurs over a period of 14 days or more.
- e. 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.
- f. 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 to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- g. 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.
- h. Rain, snow, ice or sleet to personal property in the open.
- i. Collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

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.

This exclusion, i., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
 - (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.
 - j. 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," except as provided under ADDITIONAL COVERAGE (I.) Fire Protective Systems Discharge. But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified cause of loss".
- This exclusion, j., does not apply to damage to glass caused by chemicals applied to the glass.
- k. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time 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.

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- a. 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, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, sitting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
 of part or all of any property on or off the described premises.

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 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" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (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.

b. **Leasehold Interest Coverage Form**

- (1) 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.

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c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
- (a) Paragraph **B.1.b.**, Governmental Action;
 - (b) Paragraph **B.1.c.**, Nuclear Hazard; and
 - (c) Paragraph **B.1.e.**, War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

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

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

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

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. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - b. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - (3) Coverage provided under the Installation Coverage Extension.

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- 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. 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:
- a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
- However, this limitation does not apply:
- (1) If the property is located on or within 1000 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
 - (3) Coverage provided under the Installation Coverage Extension.

3. The special limit shown for each category, **a.** through **d.**, 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. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. The \$2500 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, except as provided under ADDITIONAL COVERAGE Money and Securities.

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

This limitation, **C.3.**, does not apply to Business Income Coverage, Extra Expense Coverage, or such coverage as is provided by the ADDITIONAL COVERAGE Fire Protective Systems Discharge.

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

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

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2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if the collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such building decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.
3. This **Additional Coverage – Collapse** does **not** apply to:
 - a. A building or any part of a building that is in danger of falling down or caving in;
 - b. A part of a building that is standing, even if it has separated from another part of the building; or
 - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
4. With respect to the following property:
 - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and 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 an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.** we will pay for loss or damage to that property only if:

 - (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
 - (2) The property is Covered Property under this Coverage Form.
5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
 - a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.** above;

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- b. The personal property which collapses is inside a building; and
- c. The property, which collapses, is not of a kind listed in 4. above, regardless of whether that kind of property is considered to be personal property or real property.

Except as provided under the Fine Arts Coverage Extension, the coverage stated in this Paragraph 4. does not apply to personal property if marring and/or scratching are the only damage to that personal property caused by the collapse.

- 6. This Additional Coverage - Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in D.1. through D.7.

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

- 1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
- 2. We will pay for loss or damage caused by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
- 3. The coverage described under E.2. of this Limited Coverage is limited to \$50,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$50,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- 4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- 5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.

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6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.
 - a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 1000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

We will pay for shipments of property sent by mail only if sent by means of registered mail service provided by the U.S. Postal Service.

- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this EXTENSION is \$25,000 for any one "occurrence" during the policy period.

This COVERAGE EXTENSION is additional insurance. The ADDITIONAL CONDITIONS, COINSURANCE does not apply to this EXTENSION. This Additional Coverage Extension does not cover Property Off-Premises as provided in the Coverage Extensions of Part I.

2. Water Damage, Other Liquids, 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. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **F.3.**, does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "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; equipment breakdown.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) 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.
 - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.