

<i>SERFF Tracking Number:</i>	<i>FMGL-125885273</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Affiliated FM Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AFF-2008-62</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>AFF-2008-62</i>		
<i>Project Name/Number:</i>	<i>/</i>		

## Filing at a Glance

Company: Affiliated FM Insurance Company

Product Name: AFF-2008-62

TOI: 01.0 Property

Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Filing Type: Form

SERFF Tr Num: FMGL-125885273 State: Arkansas

SERFF Status: Closed

Co Tr Num: AFF-2008-62

Co Status:

Authors: Justin Brady, CPCU,  
Raymond Bullock, Kathy Pinelli

Date Submitted: 11/06/2008

State Tr Num: EFT \$50

State Status: Fees verified and received

Reviewer(s): Betty Montesi,  
Llyweyia Rawlins

Disposition Date: 11/07/2008

Disposition Status: Approved

Effective Date Requested (New): 12/16/2008

Effective Date Requested (Renewal): 12/16/2008

Effective Date (New): 12/15/2008

Effective Date (Renewal):  
12/15/2008

State Filing Description:

## General Information

Project Name:

Project Number:

Reference Organization: None

Reference Title: None

Filing Status Changed: 11/07/2008

State Status Changed: 11/07/2008

Corresponding Filing Tracking Number:

Filing Description:

We are filing a new commercial property insurance product with two optional business interruption endorsements and an extension of the declarations page. This is an addition to the ProVision Commercial Property Insurance Program already on file for this company.

Status of Filing in Domicile:

Domicile Status Comments: Not required to be filed in state of domicile

Reference Number: None

Advisory Org. Circular: None

Deemer Date:

SERFF Tracking Number: FMGL-125885273 State: Arkansas  
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The purpose of this new product is to offer property and time element coverage specific to health care types of risks consisting of among other things hospitals and health care facilities. The two endorsements provide options whereby policyholders will be allowed to select how they desire a business interruption loss to be settled. There is no change in rates.

Affiliated FM Insurance Company specializes in insuring large and complex commercial and industrial accounts for property insurance. This filing will allow policyholders more choices in selecting which coverages are to be chosen for our filed and approved ProVision policy series.

## Company and Contact

### Filing Contact Information

Raymond Bullock, Jr., raymond.bullock@fmglobal.com  
 1301 Atwood Ave. (800) 343-7722 [Phone]  
 Johnston, RI 02919 (401) 275-3000[FAX]

### Filing Company Information

Affiliated FM Insurance Company CoCode: 10014 State of Domicile: Rhode Island  
 1301 Atwood Ave. Group Code: 65 Company Type: Property & Casualty  
 P.O.B. 7500  
 Johnston, RI 02919 Group Name: FM Global State ID Number:  
 (800) 343-7722 ext. 1863[Phone] FEIN Number: 05-0254496  
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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? No  
 Fee Explanation: \$50 per forms filing  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
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Affiliated FM Insurance Company \$50.00 11/06/2008 23755867



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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	11/07/2008	11/07/2008

*SERFF Tracking Number:* FMGL-125885273      *State:* Arkansas  
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*Project Name/Number:* /

## **Disposition**

Disposition Date: 11/07/2008

Effective Date (New): 12/15/2008

Effective Date (Renewal): 12/15/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: FMGL-125885273 State: Arkansas  
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Forms List	Approved	Yes
Supporting Document	Description of Filing	Approved	Yes
Supporting Document	Explanatory Memorandum	Approved	Yes
Supporting Document	Side by Side PRO HC 3100	Approved	Yes
Supporting Document	Side by Side S-1 PRO HC 3100	Approved	Yes
Supporting Document	Side by Side PRO GE EE HC 3200	Approved	Yes
Supporting Document	Side by Side PRO GP EE HC 3240	Approved	Yes
Form	Healthcare Form All Risks Property Coverage	Approved	Yes
Form	Declarations Page S-1	Approved	Yes
Form	Healthcare Form Business Interruption Endorsement Gross Earnings/Rents/Extra Expense	Approved	Yes
Form	Healthcare Form Business Interruption Endorsement Gross Profit/Rents/Extra Expense	Approved	Yes

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Healthcare Form All Risks Property Coverage	PRO HC 3100	(12/08)	Policy/Coverage Form		0.00	1PRO HC 3100 (12-08) FINAL .pdf
Approved	Declarations Page S-1	S-1 PRO HC 3100	(12/08)	Declaration New s/Schedule		0.00	2PRO S-1 HC (12 08) FINAL.pdf
Approved	Healthcare Form Business Interruption Endorsement Gross Earnings/Rents/Extra Expense	PRO GE-EE HC3200	(12/08)	Endorsement/Amendment/Conditions		0.00	3PRO GE-EE HC 3200 (12-08) FINAL.pdf
Approved	Healthcare Form Business Interruption Endorsement Gross Profit/Rents/Extra Expense	PRO GP-EE HC 3240	(12/08)	Endorsement/Amendment/Conditions		0.00	4PRO GP-EE HC 3240 (12-08) FINAL.pdf

## Healthcare Form All Risk Property Coverage

### **A. PERILS INSURED**

This policy insures against all risks of direct physical loss or damage to insured property except as excluded under this policy.

### **B. PROPERTY INSURED**

This policy insures the following property, if shown in the declarations section, at or within 1,000 feet of a **described location**, unless excluded, that the insured:

- I. Owns;
- II. Operates;
- III. Controls; or
- IV. Is under the obligation to insure for direct physical loss or damage, to the extent of such obligation.

#### **1. Real Property**

If this policy insures real property it includes:

- a) New construction;
- b) Additions under construction;
- c) Alterations and repairs to buildings or structures;
- d) Materials, equipment and supplies for new construction, additions, buildings or structures;
- e) Temporary structures;
- f) Machinery, equipment, and fixtures that are permanently attached to the building;
- g) Personal property that is used to maintain or service the building;
- h) Above and below ground pipes, tanks, flues and drains;
- i) Buildings or structures donated to the Insured;
- j) Helipads and associated attached equipment.

All if not covered by other insurance. This policy also covers contractors' interests in a) through j) above to the extent that the Insured has agreed, prior to loss, to keep such interests insured

## 2. Personal Property

If this policy insures personal property, it includes:

- a) Machinery and equipment including medical and diagnostic equipment;
- b) Stock, supplies, and **raw materials**;
- c) Furniture and fixtures;
- d) **Electronic data processing equipment**;
- e) Personal property donated to the Insured;
- f) **Processing water**;
- g) Research property;
- h) Outside property;
- i) Improvements and Betterments in which the Insured has an insurable interest;
- j) Personal property of directors, officers and employees of the Insured, while at a **described location**;
- k) The Insured's interest in and legal liability for property of others, while at a **described location**.

## C. ADDITIONAL COVERAGE

### 1. Earth Movement:

- a) This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from **earth movement**.

Liability for such loss or damage by **earth movement** will not exceed the annual aggregate sub-limit as specified in the declarations section in any one policy year. This policy does not pay for **earth movement** commencing before the effective or after the expiration date and time of this policy.

- b) This coverage does not apply to:

- 1) Unnamed Locations; and
- 2) Errors and Omissions.

Coverage provided by this additional coverage is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

## 2. Flood:

a) This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from **flood**.

Liability for such loss or damage by **flood** will not exceed the annual aggregate sub-limit as specified in the declarations section in any one policy year. This policy does not pay for **flood** commencing before the effective or after the expiration date and time of this policy.

b) This coverage does not apply to:

- 1) Unnamed locations; and
- 2) Errors and omissions.

Coverage provided by this additional coverage is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

## 3. Debris Removal:

This policy covers the reasonable and necessary expense of removal of debris from a **location** remaining as the direct result of direct physical loss or damage insured by this policy to insured property.

There is no coverage for the expense of removing or disposing of:

- a) Contaminated uninsured property; or
- b) The contaminant in or on uninsured property;

Whether or not the contamination resulted from direct physical loss or damage insured by this policy.

This additional coverage covers expense to remove, dispose of or clean up the actual but not the suspected presence of **contaminant(s)**.

## 4. Property Removed from Described Locations:

This policy covers insured property when removed from a **location** in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.

This additional coverage does not include property covered by other insurance.

This coverage applies for a period:

- a) Of 120 days from the date of removal; but
- b) Not beyond the termination or expiration date of this policy.

## 5. Protection and Preservation of Property:

This policy covers the reasonable and necessary costs incurred to temporarily protect or preserve insured property, at a **location**, in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.

This additional coverage does not cover costs incurred to temporarily protect or preserve property to avoid or prevent immediately impending physical loss or damage covered by Section D., Extensions of Coverage, Item 17. **Terrorism**.

**6. Decontamination Costs:**

If insured property is contaminated as a direct result of direct physical damage insured by this policy and there is in force at the time of the loss any law or ordinance regulating **contamination** due to the actual but not the suspected presence of **contaminant(s)**, then this policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated insured property in a manner to satisfy such law or ordinance. This additional coverage applies only to that part of insured property so contaminated due to the actual but not the suspected presence of **contaminant(s)** as a direct result of direct physical loss or damage insured by this policy.

There is no coverage for the expense of removing or disposing of:

- a) Contaminated uninsured property; or
- b) The **contaminant** in or on uninsured property;

Whether or not the **contamination** results from direct physical loss or damage insured by this policy.

**D. EXTENSIONS OF COVERAGE**

The following coverages apply, subject to the terms and conditions of this policy, and to the extent shown in the declarations section.

**1. Fire Fighting Materials and Expenses:**

This policy is extended to cover expenses;

- a) Incurred by the Insured to replace fire extinguishing materials:

- 1) Lost;
- 2) Expended; or
- 3) Destroyed.

and

- b) For fire-fighting expenses incurred by or imposed upon the Insured in connection with insured property.

There will be no coverage for charges incurred for false alarm.

Comment [k1]:  
 Comment [k2R1]:

**2. Professional Fees:**

This policy is extended to cover the reasonable fees paid to:

- a) Auditors;
- b) Accountants;
- c) Architects;
- d) Engineers; or
- e) Other professionals;

For producing and certifying particulars or details of the Insured's business in order to determine the amount of loss payable under this policy.

There will be no coverage for the expenses of:

- a) Attorneys.
- b) Public adjusters, loss appraisers, loss consultants or any of their subsidiaries or associated entities.
- c) The Insured's own employees.

**3. Expediting Expenses:**

a) This policy is extended to cover Expediting Expenses which are the reasonable and necessary costs to:

- 1) Make temporary repairs to; or
- 2) Expedite the permanent repair or replacement of;

Insured property that has sustained direct physical loss or damage insured by this policy.

b) Expediting Expenses do not include:

- 1) Expenses payable elsewhere in this policy; or
- 2) The cost of permanent repair or replacement.

**4. Trees, Shrubs, Plants and Lawns:**

This policy is extended to cover direct physical loss or damage to:

- a) Trees;
- b) Shrubs;
- c) Plants; and
- d) Lawns;

By **named perils**.

**5. Pavements and Roadways:**

This policy is extended to cover direct physical damage to:

- a) Pavements; and
- b) Roadways;

By **named perils**.

**6. Land and Water Clean Up Expense:**

This policy is extended to cover the reasonable and necessary expense to remove, dispose of or clean up the actual but not the suspected presence of **contaminants** from land or water at a **location**, when such land or water is contaminated due to direct physical damage insured by this policy.

There will be no coverage unless such expenses are reported to this company within 180 days of the date of direct physical damage.

**7. Installation Floater:**

This policy is extended to cover:

- a) Materials;
- b) Equipment;
- c) Machinery; and
- d) Supplies;

Designated by the Insured for use in construction or installation projects at locations other than **described locations**.

Coverage begins at the time covered property arrives at the site of installation and ends when:

- a) The interest of the Insured ceases;
- b) The property has been accepted by the owner or purchaser; or
- c) The policy expires;

Whichever occurs first.

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sublimit for this extension of coverage cannot be combined with any other sub-limits in this policy.

**8. Newly Acquired Property:**

This policy is extended to cover property that is newly acquired.

This coverage terminates:

- a) When the newly acquired property is reported to this company; or
- b) 120 days after the date of acquisition; or
- c) At the termination or expiration of this policy;

Whichever occurs first.

There will be no coverage provided under this extension for property while in transit.

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sublimit for this extension of coverage cannot be combined with any other sub-limits in this policy.

## 9. Unnamed Locations:

This policy is extended to cover insured property:

- a) At a place other than a **described location**, a Newly Acquired Property, an Installation Floater location; or a Mobile Medical and Mobile Diagnostic Equipment Floater; and
- b) Not otherwise insured, including but not limited to:
  - 1) Medical and diagnostic equipment, and supplies off-site;
  - 2) Office, manufacturing and other equipment off-site;
  - 3) Property at exhibitions; or
  - 4) Salespersons samples.

There will be no coverage provided under this extension for property in transit.

The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.

## 10. Fine Arts:

This policy is extended to cover **fine arts** at a **location**.

There will be no coverage for:

- a) Breakage of any **fine arts** unless the breakage results from a **named peril**.
- b) Loss or damage to any **fine arts** as a result of restoring, repairing or retouching processes.

## 11. Accounts Receivable:

This policy is extended to cover amounts due the Insured from customers, which the Insured is unable to collect, as a result of direct physical loss or damage insured by this policy to accounts receivable records.

Coverage includes:

- a) Interest charges on any loan to offset impaired collections pending repayment of sums that can not be collected.
- b) Collection expenses in excess of normal collection costs.
- c) Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.

## 12. Valuable Papers and Records:

This policy is extended to cover;

- a) **Valuable papers and records**; including
- b) Library books, periodicals, and rare books

### 13. Electronic Data Processing (EDP) Media and Data:

This policy is extended to cover:

- a) **EDP media**; and
- b) **EDP data**.

### 14. Demolition and Increased Cost of Construction:

a) This policy is extended to cover the following when incurred by the Insured as a direct result of enforcement of a law or ordinance, when the law or ordinance:

- 1) Regulates the demolition, construction, repair, replacement or use of buildings or structures;
- 2) Is enforced as a direct result of direct physical loss or damage insured by this policy at a **location**; and
- 3) Is in force at the time of such loss or damage.

b) Coverage is provided for:

**Item A:** The reasonable and necessary cost to replace, with materials of like kind and quality, the physically undamaged portions of the insured buildings or structures when those portions are demolished;

**Item B:** The reasonable and necessary cost to demolish and clear any physically undamaged portions of the insured buildings or structures;

**Item C:** The reasonable and necessary cost incurred to actually rebuild the physically damaged and the undamaged portion, whether or not demolition is required, of such insured buildings or structures with materials and in a manner to comply with the minimum requirement of the law or ordinance;

**Item D:** The **Business Interruption** (if covered) loss during the additional time required for making the changes to the building or structures in coverage A, B and C above.

c) There will be no coverage for:

- 1) Any cost incurred as a direct or indirect result of enforcement of any law or ordinance regulating any form of **contamination, or fungus, mold or mildew**.
- 2) Any cost incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the time of the insured direct physical loss or damage.
- 3) Vacant or Unoccupied Locations subject to the terms and conditions in Section G, General Conditions, Item 7.

### 15. Errors and Omissions:

This policy is extended to cover direct physical loss or damage that would not be payable solely because of an error or unintentional omission:

- a) In the description or address of a property, insured by this policy, which existed: at the inception date of this policy; or in any subsequent amendments to this policy.

**b) Through failure to include any location:**

- 1) Owned;
- 2) Occupied; or
- 3) Newly acquired;

By the Insured at the inception date or during the term of this policy.

**c) Which results in cancellation of insured property under this policy.**

Coverage applies to the extent this policy would have provided coverage, had the error or unintentional omission not been made.

There will be no coverage:

- a) If coverage is found in whole or in part elsewhere in this policy.
- b) Due to any error or unintentional omission in the declaration of values, or in the description of the type of coverage or property.

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

**16. Transit:**

**a) This policy is extended to cover the following personal property, not otherwise excluded, while in transit within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada:**

- 1) Personal property owned by the Insured.
- 2) Personal property of others to the extent of the Insured's interest or legal liability while in the actual or constructive custody of the Insured.
- 3) Personal property shipped to others on Free on Board (FOB), Cost and Freight (C&F), or similar terms. The Insured's contingent interest in such shipments is admitted.

**b) This extension includes:**

- 1) Direct physical loss or damage to insured property occasioned by:
  - (a) Acceptance of fraudulent bills-of-lading, shipping or messenger receipts by the Insured, Insured's agent, customer or consignee(s).
  - (b) Any unauthorized person(s) representing themselves to be the proper party(ies) to receive the property for shipment or to accept it for delivery.
- 2) General average and salvage charges on shipments covered while waterborne.

**c) There will be no coverage for:**

- 1) Property shipped by mail.

- 2) Shipments by air unless made via regularly scheduled airlines.
- 3) Waterborne shipments via the Panama Canal or waterborne shipments to and from:
  - (a) Alaska.
  - (b) Hawaii.
  - (c) Commonwealth of Puerto Rico.
  - (d) Virgin Islands.
- 4) Any transporting vehicle.
- 5) Property excluded elsewhere in this policy.

**d) Coverage begins:**

- 1) From the time the property leaves the original point of shipment for the commencement of transit; and
- 2) Continuously in the due course of transit;

Until delivered at destination.

**e) Additional exclusions, conditions and provisions:**

- 1) Coverage is excluded for any consequential loss beyond the direct physical loss or damage to the insured property.
- 2) Coverage is excluded for property insured under any import or export ocean marine insurance. Coverage on export shipments not insured under ocean marine policies does not extend beyond the time when the property is loaded on board overseas vessel or aircraft. Coverage on import shipments not insured under ocean cargo policies does not attach until after discharge from overseas vessel or aircraft.
- 3) Permission is granted to the Insured, without prejudice to this insurance, to accept ordinary bills of lading used by carriers, including:
  - (a) Released and/or under valued bills of lading.
  - (b) Shipping or messenger receipts.
- 4) The Insured may waive subrogation against railroads under sidetrack agreements.
- 5) The Insured may not enter into any special agreement with carriers releasing them from their common law or statutory liability.

**17. Terrorism:**

This policy covers direct physical loss or damage to insured property caused by or resulting from **terrorism**, but only at a **described location(s)**.

Any act which satisfies the definition of **terrorism** provided in Section H., Definitions, or in any **terrorism** endorsement to this policy, will not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk which may be covered elsewhere in this policy. Amounts recoverable under this extension are excluded from coverage elsewhere in this policy.

If any Business Interruption Endorsement is part of this policy, any coverage provided by any such endorsement or by any extension of such coverage will not apply to any loss resulting from the **actual cash value** portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

This extension does not cover loss or damage which also comes within the terms of Section F., Perils Excluded, Group I, Item 2.a), or Section F., Perils Excluded, Group I, Item 2.c).

This extension does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this policy contributing concurrently or in any other sequence to the loss:

- a) The use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination or that involves the discharge, explosion, or use of any nuclear device, weapon, or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war, and regardless of who commits the act; or
- b) The dispersal or application of pathogenic or poisonous biological or chemical materials; or
- c) The release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the **terrorism** was to release such materials; or
- d) Action taken to prevent, defend against, respond to or retaliate against **terrorism** or suspected **terrorism**.

### **18. Fungus, Mold or Mildew:**

This policy is extended to cover the direct physical loss or damage to insured property caused by or resulting from **fungus, mold or mildew**, when **fungus, mold or mildew** is the direct result of direct physical loss or damage insured by this policy. This coverage includes any cost or expense to clean up, remove, contain, treat, detoxify or neutralize **fungus, mold or mildew** from insured property resulting from such loss or damage.

### **19. Prizes and Giveaways:**

This policy is extended to cover direct physical loss or damage insured by this policy to real and personal property of the type insured, including motor vehicles and watercraft, that are prizes or giveaways in the Insured's fund raising activities or events.

Section E., Property Excluded Items 7 & 8 are amended as follows:

**7.** Motor vehicles licensed for highway use or owned by officers and employees of the Insured, except motor vehicles that are prizes or giveaways in the Insured's fund raising activities or events.

**8.** Satellites, aircraft, and watercraft; except if on land, unfueled, manufactured by the Insured, at a **location** and prior to being sold, but coverage is provided for watercraft that are prizes or giveaways in the Insured's fund raising activities or events.

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

## 20. Off-Premises Service Interruption – Property Damage:

This policy is extended to cover direct physical loss or damage caused by or resulting from the interruption of the following incoming and outgoing services. The interruption of such services must be by reason of any accidental event at the facilities of the service provider(s) located within this policy's territory.

Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.

There will be no coverage for: deliberate act(s) by the supplying utility to shed load to maintain system integrity, **business interruption, flood** or **earth movement** whether or not such coverage is provided elsewhere in this policy, and any loss resulting from physical loss or damage to property caused by or resulting from **terrorism**. Resultant and concurrent interruptions will be considered as one event.

## 21. Arson or Theft Reward:

This policy is extended to cover payment of any reward offered on the Insured's behalf for information that leads to conviction of the perpetrator(s) of:

a) Arson; or

b) Theft;

To insured property.

This company's total liability for any one occurrence will not exceed the lesser of:

a) The sub-limit of liability shown in the declarations section; or

b) Ten Percent (10%) of the direct physical loss or damage to insured property.

This company's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.

This extension does not cover payment of any reward offered on the Insureds behalf for information that leads to the conviction of the perpetrators of **terrorism** whether direct or indirect.

## 22. Money and Securities:

This policy is extended to cover direct physical loss or damage to **money** and **securities** by fire, explosion or sprinkler leakage.

## 23. Locks and Keys:

This policy is extended to cover the reasonable and necessary expense incurred by the Insured for replacing locks and keys by direct physical loss or damage insured by this policy.

Coverage includes the actual cost to replace, adjust or reprogram undamaged locks to accept new keys or entry codes.

## 24. Tenants Legal Liability and Expense:

This policy is extended to cover direct physical loss or damage by **named perils** to that part of buildings of others, including permanently attached building fixtures, leased to and occupied by the Insured at a **described location** to the extent of the Insured's legal liability for such loss or damage.

- a) Coverage provided by this extension of coverage includes the following as respects any suit alleging loss or damage to that part of such buildings of others leased to and occupied by the Insured. The following are within and not in addition to the sub-limit of liability:
- 1) Reasonable expenses of defending the Insured against only that part of any suit alleging such physical loss or damage to that part of such buildings of others leased to and occupied by the Insured;
  - 2) Reasonable expenses incurred by this company, this company's proportionate share of costs taxed against the Insured in any suit, and this company's proportionate share of interest accruing after entry of judgment until this company has paid, tendered or deposited into court its proportionate share of such judgment;
  - 3) Reasonable expenses, other than loss of earnings, incurred at this company's request.

b) Additional exclusions:

This extension does not cover:

- 1) Any loss resulting from physical loss or damage to any property caused by or resulting from **terrorism, Flood or Earth Movement**.
- 2) Errors and Omissions;
- 3) Any legal liability for loss or damage assumed by the Insured under any contract or agreement, whether oral or written, expressed or implied; and
- 4) That part of any settlement by the Insured to which this company has not given its prior written consent.

c) Additional Provisions:

- 1) The specified sub-limit is the maximum amount payable in any one occurrence regardless of the number of **locations**, coverages or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.
- 2) This company may investigate, negotiate and settle any claim or suit as this company deems expedient and will not be obligated under this coverage for failure to settle for any amount within the remaining sub-limit of liability.
- 3) This company may pay, tender or deposit into court the remaining sub-limit of liability in full satisfaction of its liability under this coverage, and thereby terminate any further liability for any amount in item a) above.

## 25. Soft Costs for Property in the Course of Construction/Renovation:

This policy is extended to cover **soft costs** as a result of direct physical loss or damage insured by this policy to insured property at **locations** undergoing alterations or additions to existing property and property in the course of construction. This coverage applies from the time of such physical loss or damage until the property is restored to the same degree of completion as existed prior to the physical loss or damage but for no more than 365 consecutive days from the date of such physical loss or damage.

## 26. Research and Development:

### a) Research Animals

This policy is extended to cover:

- 1) Direct physical loss or damage insured by this policy at a **described location** to research animals used in the Insured's research and development projects. This coverage applies only if such animals are fatally injured or their destruction is made necessary due to such loss or damage; and
- 2) Project restoration costs.

Project restorations costs will be covered from the time of such physical loss or damage until the research animals are restored to the same degree of completion as existed prior to such physical loss or damage, but for no more than 24 months from the date of such physical loss or damage.

### b) Research Experiments

This policy is extended to cover:

- 1) Direct physical loss or damage insured by this policy at a **described location** to **research experiments**; and
- 2) Project restoration costs.

This extension does not insure against loss or damage caused directly or indirectly by or resulting from the following, regardless of any other cause or event whether or not insured under this policy that contributes concurrently or in any sequence to the loss:

Sickness, disease, infection, infestation, death, destruction, injury, or any medical condition, all from natural causes; escape; failure to provide adequate care, nourishment, medicine or sanitary conditions; errors in testing, experimenting or other work performed; and **contamination**.

## 27. Patients' Personal Property:

This policy is extended to cover direct physical loss or damage of the type insured by this policy to patients' personal property of the type insured while such personal property is at a **described location**, whether or not such personal property is in the control of the Insured.

## 28. Interruption by Communicable Disease:

This policy is extended to cover the reasonable and necessary expenses incurred by the Insured to:

- a) Clean up, remove, and dispose of communicable diseases from insured property at a **described location**; and
- b) Restore the premises;

In a manner to satisfy the minimum requirements of any law or ordinance regulating communicable diseases.

This policy is also extended to cover **business interruption** (if provided) loss directly resulting from items a) and b) above.

All coverage above must be directly resulting from access being prohibited to a **described location** or any portion thereof:

- a) Due to the actual presence of and the spread of communicable diseases at that **described location**; and

- b) As a direct result of a declaration by a civil authority enforcing any law or ordinance regulating communicable diseases.

For the purpose of this extension, the presence of and the spread of communicable diseases will be considered direct physical damage and the expenses listed in items a) and b) above will be considered expenses to repair such damage.

There will be no coverage to comply with any law or ordinance with which the Insured was required to comply had the direct physical damage not occurred.

### 29. Change in Temperature:

This policy is extended to cover spoilage of insured medical supplies and foodstuff due to:

- a) Dampness or dryness of atmosphere;
- b) Freezing;
- c) Changes of temperature; or
- d) Change in texture;

Directly resulting from an accidental event at a **described location**.

This extension does not apply to research animals.

### 30. Mobile Medical and Mobile Diagnostic Equipment Floater:

This policy is extended to cover mobile medical equipment, mobile diagnostic equipment, and their associated supplies, including Insured owned and operated licensed vehicles while not at a **location**, and **business interruption** (if provided).

This extension covers such property including **business interruption** (if provided) while in transit within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

There will be no coverage for:

- a) Coverage provided in Section D., Extensions of Coverage, Item 16. Transit
- b) Property shipped by mail.
- c) Collision or overturn for the owned and operated licensed vehicles only while such vehicles are being operated under their own power or are being towed (whether or not in motion at the time of loss).
- d) Loss resulting from **flood** and/or **earth movement** whether or not such coverage is provided elsewhere.

The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.

### 31. Defense Costs for Property of Others:

This company will defend that portion of any suit against the Insured that alleges liability and seeks damages for physical loss or damage of the type insured by this policy to personal property of others of the type not excluded by this policy at a **described location**. This company may, without prejudice, investigate, negotiate and settle any claim or suit as this company deems expedient.

## **E. PROPERTY EXCLUDED**

This policy does not insure the following property unless coverage is specifically included in Section D., Extensions of Coverage, or elsewhere in this policy:

1. Land, water, or any substance in or on land, pavement and roadways, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.
2. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.
3. Docks, piers, and wharves which are not a structural part of the building.
4. Furs and fur garments; jewels, jewelry, watches, pearls; precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys; all for loss caused by theft. This exclusion does not apply to precious metals and precious stones used by the Insured for industrial purposes.
5. Currency, **money**, notes, **securities**, accounts, bills, tickets, tokens, evidences of debt.
6. **Electronic data processing media and data, valuable papers and records, and fine arts.**
7. Motor vehicles licensed for highway use or owned by officers, patients and employees of the Insured.
8. Satellites, aircraft, and watercraft; except if on land, unfueled, manufactured by the Insured, at a **location** and prior to being sold.
9. Personal property sold by the Insured under conditional sale, trust agreement, installment payment, or deferred payment plan after delivery to the customer.
10. Personal property in the custody of the Insured acting as a warehouseman, bailee for hire, or carrier for hire.
11. Mobile medical and mobile diagnostic equipment not at a **location**.
12. Property while in transit.

## **F. PERILS EXCLUDED**

**GROUP I.** This policy does not insure against loss or damage caused directly or indirectly by or resulting from any of the following. Loss or damage is excluded regardless of any other cause or event whether or not insured under this policy that contributes concurrently or in any sequence to the loss or damage.

1. Nuclear reaction or nuclear radiation or radioactive contamination. However:
  - a) If physical damage by fire or sprinkler leakage results, then only that resulting damage is insured but not including any loss or damage due to nuclear reaction or nuclear radiation or radioactive contamination.
  - b) This policy does insure against physical loss or damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted at a **location**, provided that at the time of such loss or damage there is neither a nuclear reactor nor any new or used nuclear fuel at the **location**. Such coverage does not apply to any act, loss or damage excluded in Section F., Perils Excluded, Group I, Item 2 f).

This exclusion and the exceptions in 1.a) and b) above do not apply to any act, loss or damage which also comes within the terms of Section F., Perils Excluded, Group I, Item 2.b).

2. a) Hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending or expected attack by:
- 1) Any government or sovereign power (de jure or de facto);
  - 2) Any military, naval or air forces; or,
  - 3) Any agent or authority of any party specified in 1) or 2) above.
- b) Discharge, explosion, or use of any nuclear device, weapon, or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war, and regardless of who commits the act.
- c) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an event.
- d) Seizure or destruction under quarantine or customs regulation, or confiscation by order of government or public authority.
- e) Risks of contraband or illegal transportation or trade.
- f) **Terrorism**, including action taken to prevent, defend against, respond to or retaliate against **terrorism** or suspected **terrorism**, except to the extent provided in Section D., Extensions of Coverage, Item 17. **Terrorism**. However, if direct physical loss or damage by fire results from any of these acts (unless committed by or on behalf of the insured), and if the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical loss or damage by fire, then this policy covers only to the extent the **actual cash value** of the resulting direct loss or damage by fire to insured property. This coverage exception for such resulting fire loss or damage does not apply to:
- 1) Direct loss or damage by fire which results from any other applicable exclusion in the policy, including the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
  - 2) Any coverage provided in any Business Interruption Endorsement, if any, which may be a part of this policy, or any extension of such coverage, or to any other coverages provided by this policy.

Any act which satisfies the definition of **terrorism** provided in Section H., Definitions, or in any **terrorism** endorsement to this policy will not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage which may be covered elsewhere in this policy.

If any act which satisfies the definition of **terrorism** provided in Section H., Definitions, or in any **terrorism** endorsement to this policy, also comes within the terms of Section F., Perils Excluded, Group I, Item 2.a), then Section F., Perils Excluded, Group I, Item 2.a) applies in place of this exclusion Section F., Perils Excluded, Group I, Item 2.f).

If any act which satisfies the definition of **terrorism** provided in Section H, Definitions, or in any **terrorism** endorsement to this policy, also comes within the terms of Section F. Perils Excluded Group I, Item 2. b) then Section F., Perils excluded, Group I, Item 2. b) applies in place of this exclusion Section F., Perils Excluded, Group I, Item 2.f).

If any act which satisfies the definition of **terrorism** provided in Section H, Definitions, or in any **terrorism** endorsement to this policy, also comes within the terms of Section F. Perils Excluded Group I, Item 2. c) then Section F., Perils excluded, Group I, Item 2. c) applies in place of this exclusion Section F., Perils Excluded, Group I, Item 2.f).

If any act excluded herein involves nuclear reaction, nuclear radiation or radioactive contamination, then this exclusion Section F., Perils Excluded, Group I, Item 2.f) applies in place of Section F., Perils Excluded, Group I, Item 1.

3. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a peril insured against or otherwise; loss caused by any legal proceeding.
4.
  - a) Misappropriation;
  - b) Conversion;
  - c) Infidelity; or
  - d) Any dishonest act;

Whether committed alone or in collusion with others at any time, on the part of the Insured or any additional interest, employees, directors, officers, or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the Insured or others listed above, without the knowledge of the Insured, resulting in physical damage, is covered. Such coverage does not apply to any act excluded in Section F., Perils Excluded, Group I, Item 2 f) However, theft by employees of the Insured or others listed above is not covered.

5.
  - a) Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee.
  - b) The voluntary parting with title or possession of property if induced by any fraudulent act or by false pretence.

This exclusion does not apply to coverage provided in Section D., Extensions of Coverage, Item 16. Transit.

6. The lack of power or other incoming service supplied from off a **location**. If direct physical loss or damage insured by this policy results to insured property, the resulting damage is covered.

7. **Earth movement**, except as provided in Section C., Additional Coverage, Item 1. **Earth Movement**.

Loss by fire, explosion or sprinkler leakage ensuing from **earth movement** is covered by this policy.

This exclusion does not apply to coverage provided in Section D., Extensions of Coverage, Item 16. Transit.

8. **Flood**, seepage or influx of water from natural underground sources below the surface of the ground. Except as provided in Section C., Additional Coverage, Item, 2. **Flood**.

Loss by fire, explosion or sprinkler leakage ensuing from **flood** is covered by this policy.

This exclusion does not apply to coverage provided in Section D., Extensions of Coverage, Item 16. Transit.

9. Indirect or remote loss.

10. The failure or malfunction of any **Exterior Insulation and Finish System (EIFS)** or the cost to repair the **EIFS**, including loss or damage caused by:

- a) Water penetration from any source;
- b) Failure of sealants in any form;
- c) Leaching of any kind;
- d) Discoloration of the exterior paint or finish, or

- e) Damage to materials between the **EIFS** and the interior finish of the building; damage to the interior finish of the building.

Any other loss or damage resulting from the failure or malfunction of the **EIFS** to prevent migration of water into the structure is excluded unless fire, explosion, or sprinkler leakage results, in which case this policy covers only the damage caused by the fire, explosion, or sprinkler leakage.

- 11. Fungus, mold or mildew**, except as provided in Section D., Extensions of Coverage, Item 18.
- 12.** Bookkeeping, accounting, or billing error or omission; alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable; committed to conceal the wrongful giving, taking, obtaining or withholding of **money, securities**, and/or other property as respects to Section D., Extensions of Coverage, Item 11. Accounts Receivable.
- 13.** Error in machine programming or machine instructions as respects to Section D., Extensions of Coverage, Item 13. **EDP Media and Data.**

**GROUP II.** This policy does not insure against loss or damage caused by the following; however, if direct physical loss or damage insured by this policy results, then that resulting direct physical loss or damage is covered.

- 1. Wear and tear, deterioration, inherent vice, latent defect, vermin or insects.
- 2. Defects in materials, faulty workmanship, faulty construction or faulty design.
- 3. Loss or damage to stock or materials attributable to manufacturing or processing operations while such stock or materials are being processed, manufactured, tested, or otherwise being worked upon.
- 4. Dampness or dryness of atmosphere; changes of temperature; freezing, except damage to fire protective equipment caused by freezing; heating; shrinkage; evaporation; depletion; erosion; loss of weight; change in color, flavor, texture or finish; rust; corrosion, except as provided in Section D., Extensions of Coverage, Item 29. Change in Temperature.
- 5. **Contamination**, and any cost due to **contamination** including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy; nor will the foregoing constitute direct physical loss or damage insured by this policy. This exclusion does not apply to radioactive contamination which is excluded in Section F., Perils Excluded, Group I, Item 1.
- 6. Settling, cracking, shrinkage, bulging, or expansion of:
  - a) Foundations.
  - b) Walls.
  - c) Floors.
  - d) Roofs.
  - e) Ceilings.
- 7. Exposure to rain, sleet, snow, sand, or dust to personal property in the open.

## **G. GENERAL CONDITIONS**

### **1. First Named Insured:**

The First Named Insured shown in the declarations section:

- a) Is responsible for the payment of all premiums.
- b) Will be the payee for any return premiums.
- c) May authorize changes in the terms and conditions of this policy with the consent of this company.

This policy's terms can be amended or waived only by endorsement issued by this company and made a part of this policy.

Loss or damage will be adjusted with the first named Insured and payable to or as the first named Insured directs subject to: mortgagee; lender; or similar interests; as their interest may appear as shown on the certificates of insurance issued prior to loss by the Insured's broker and on file with this company. The effective date of any interests will be the issue date of the certificates unless a later date is specified on the certificate of insurance.

### **2. Inspections:**

This company, at all reasonable times, will be permitted, but will not have the duty, to inspect insured property.

This company's:

- a) Right to make inspections; or
- b) Making of inspections or inspection reports;

Will not constitute an undertaking, on behalf of or for the benefit of the named Insured or others, to determine or warrant that any property is safe or healthful.

### **3. Examination of Books and Records:**

This company or its duly appointed representative will be permitted to:

- a) Inspect the insured property;
- b) Examine and audit books and records;

As they relate to this policy:

- a) Any time during the policy period.
- b) Up to three years after the expiration of coverage.

### **4. No Benefit to Bailee:**

No person or organization, other than the Insured, having custody of insured property will benefit from this insurance.

## 5. Control of Property:

This policy will not apply to any **location** where there is an increase in hazard over which the Insured has control and knowledge. Any increase in hazard at one or more **locations** will not affect coverage at other **locations** where, at the time of loss or damage, the increase in hazard does not exist.

## 6. Deductible Clause:

This company will not be liable for loss or damage in any one occurrence until the amount of loss or damage exceeds the deductible amount shown in the declarations section and then this company will only be liable for its share of the loss or damage in excess of the deductible amount. If two or more deductibles apply to a single occurrence, then the largest deductible amount will apply. However, the policy allows for the application of:

- a) Separate and distinct deductibles; and
- b) Deductibles for specific loss categories;

As shown in the declarations section.

## 7. Vacant or Unoccupied Locations:

Permission is given to cease operations and for a **location** to be vacant or unoccupied for up to sixty (60) consecutive days. Thereafter coverage will apply subject to the following conditions.

The Insured must:

- a) Maintain the same degree of fire protection, and watch and alarm service as existed prior to the cessation of normal operations, and
- b) Notify this company of any such locations in writing prior to any loss or damage.

If the conditions above are not met this company will:

- a) Not cover any loss or damage caused by or resulting from: vandalism, sprinkler leakage, breakage of building glass, water damage, theft, attempted theft, any loss covered under Section D., Extensions of Coverage, Item 14. Demolition and Increased Cost of Construction and any loss covered under Section D., Extensions of Coverage, Item 18. **Fungus, Mold or Mildew**; all regardless of the cause of loss, and
- b) Value the loss or damage at such **locations** on the lesser of the **actual cash value**, the cost to repair, or the sale value of the property less the value of the land.

## 8. Other Insurance / Excess Insurance / Underlying Insurance:

If there is other insurance covering the same loss or damage that is covered:

- a) Under this policy; and
- b) Any other policy;

Then this insurance will apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted, whether or not such insurance is collectible.

Permission is granted for the Insured to purchase:

- a) Excess insurance over the limit(s) of liability in this policy;
- b) Underlying insurance on all or any part of the deductibles of this policy.

If the limits of the underlying insurance exceed the deductible that would apply under this policy, then the insurance provided by this policy will apply only after that portion that exceeds the deductible has been exhausted.

Except for the foregoing, the existence of such underlying or excess insurance will not:

- a) Prejudice; or
- b) Reduce;

Any recovery payable under this policy.

### **9. Reinstatement of Limits after a Loss:**

Except for those perils subject to an annual aggregate limit of liability, any loss or payment of any claim will not reduce the amount payable under this policy.

### **10. Liberalization Clause:**

If this company adopts a revision that would broaden the coverage under this policy Form (PRO HC 3100) without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

### **11. Transfer of Rights and Duties under this Policy:**

The Insured's rights, interests and duties under this policy may not be transferred or assigned without this company's written consent.

### **12. Legal Action against this Company:**

No suit, action, or proceeding for the recovery of any claim under this policy, will be sustainable in any court of law or equity unless:

- a) The Insured has fully complied with all terms and conditions of the policy; and
- b) Such suit, action or proceeding is initiated within two years after the date on which the direct physical loss or damage first commenced or occurred.

### **13. Subrogation:**

The Insured must cooperate in any subrogation proceedings. This company may require from the Insured an assignment of all rights of recovery against any party for loss to the extent of this company's payment.

This company will not acquire any rights of recovery that the Insured has expressly waived prior to a loss. No such waiver will affect the Insured's rights under this policy.

Any recovery from subrogation proceedings, less expenses incurred by this company in such proceedings, will be payable to the Insured in the proportion that the amount of:

- a) Any applicable deductible; and
- b) Any provable uninsured loss;

Bears to the entire loss amount.

#### 14. Basis of Valuation:

Adjustment of loss amount(s) under this policy will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

a) The following property, unless endorsed, will be valued at the time of loss as follows:

- 1) Stock in process: the value of **raw materials** and labor expended plus the proper proportion of overhead charges.
- 2) **Finished goods** manufactured by the Insured, and other goods sold awaiting delivery: the regular cash selling price at the **location** where loss occurs, less all discounts and charges which the merchandise would have been subject to had no loss occurred.
- 3) **Raw materials**, supplies, and other merchandise not manufactured by the Insured: the replacement cost.
- 4) Property of others: the amount for which the Insured is legally liable, but not exceeding the replacement cost.
- 5) Unreparable electrical equipment, mechanical equipment, medical and diagnostic equipment, mobile medical and mobile diagnostic equipment, all including **electronic data processing equipment**, the cost to replace with equipment that is the most functionally equivalent to that damaged, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program enhancement.
- 6) Trees, shrubs, plants, and lawns will be limited to standard local nursery stock.
- 7) **Fine arts** are valued at the lesser of:
  - (a) The cost to repair or restore the article to the condition that existed immediately prior to the loss;
  - (b) The cost to replace the article; or
  - (c) The value designated for the article on the schedule of **fine arts** on file with this company.

In case of physical loss or damage to an article that is part of a pair or a set, this company will pay the full amount of the value of such pair or set only if: the damaged article cannot be repaired or restored to its condition before the loss; and the Insured surrenders the remaining article or articles of the pair or set to this company.

- 8) Accounts receivable are valued at the sum due which the Insured is unable to collect from customers, and includes:
  - (a) Interest charges on any loan to offset impaired collections pending repayment of such sums that can not be collected;
  - (b) Collection expenses in excess of normal collection cost; and
  - (c) Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.

If the Insured is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:

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

- (b) Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.

Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted.

After payment of loss by this company, all amounts recovered by the Insured on accounts receivable for which the Insured has been indemnified will belong to and be paid to this company by the Insured up to the total amount of loss paid by this company. All recoveries in excess of such amounts will belong to the Insured.

- 9) **Valuable papers and records** are valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored, this company will pay the blank value of such **valuable papers and records**, except as provided in Section 14. Basis of Valuation Item a)10. Library Books, Periodicals, and Rare Books.

10) Library Books, Periodicals, and Rare Books

- (a) Library books and periodicals are valued at the lesser of:

- (1) The cost to repair or restore the library books or periodicals to the condition that existed immediately prior to the loss (including the cost of re-shelving and processing); or
- (2) The cost to replace the library books or periodicals (including the cost of re-shelving and processing); or
- (3) The value designated for the library books or periodicals (including the cost of re-shelving and processing) as shown in the declarations.

- (b) Rare books are valued at the lesser of:

- (1) The cost to repair or restore the rare book to the condition that existed immediately prior to the loss (including the cost of re-shelving and processing);
- (2) The cost to replace the rare book (including the cost of re-shelving and processing); or
- (3) The value designated for the rare book (including the cost of re-shelving and processing) on the schedule of rare books on file with this company. If not so scheduled, the value designated for each rare book (including the cost of re-shelving and processing) as shown in the declarations.

In case of direct physical loss or damage insured by this policy to a library book, periodical or rare book that is part of a pair or set, this company will pay the full amount of the value of such pair or set only if:

- (1) The damaged library book, periodical or rare book cannot be replaced, or repaired or restored to its condition before the loss; and
- (2) The Insured surrenders the remaining library book(s), periodical(s), or rare books(s) of the pair or set to this company.

- 11) **Electronic data processing media and data** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored, this company will pay the blank value of such **electronic data processing media**.

12) Research animals are valued at:

- (a) The purchase price of commercially available laboratory animals, not including project restoration costs. If a research animal is not replaced or restored, this company will only pay the **actual cash value** of such research animal.

- (b) Project restoration costs for research animals are the costs of researching, gathering and/or assembling information to restore the research animals to the same degree of completion as existed prior to direct physical loss or damage insured by this policy.

**13) Research experiments** are valued at:

- (a) The cost to replace or restore the **research experiments** with others of like kind and quality, not including project restoration costs. If a **research experiment** is not replaced or restored, this company will only pay the **actual cash value** of such **research experiment**.
- (b) Project restoration costs for **research experiments** are the costs of researching, gathering and/or assembling information to restore the **research experiments** to the same degree of completion as existed prior to direct physical loss or damage insured by this policy.

**14) Property while in transit** is valued as follows:

- (a) For property shipped to or for account of the Insured: the actual invoice to the Insured, together with such costs and charges (including the commission of the Insured as selling agent) as may have accrued and become legally due on such property.
- (b) For property that has been sold by the Insured and shipped to or for account of the purchaser (if covered by this policy): the amount of the Insured's selling invoice, including prepaid or advanced freight.
- (c) For property not under invoice:
  - (1) For property of the Insured, the valuation provisions of the policy applying at the **location** from which the property is being transported; or
  - (2) For other property, the actual cash market value at point of destination on the date of occurrence.
  - (3) Less any charges saved which would have become due and payable upon arrival at destination.

**15) Property that is damaged by fire and such fire is the result of terrorism** and the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical damage by fire, the **actual cash value** for any portion of the fire damage loss which exceeds the limit of liability provided in the declarations section.

**b) The Insured may:**

- 1) Voluntarily elect to rebuild on another site provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.
- 2) Submit claim based on the **actual cash value** of the property lost or damaged until repair or replacement has been completed. The Insured may still claim for the additional coverage which replacement cost provides if notification of intention to do so is received by this company within 180 days after the loss or damage.

**c) Replacement cost** is subject to all the terms, conditions and limitations of the policy (including any endorsements) and the following additional provisions:

- 1) The Insured must execute repairs or replacement with due diligence and dispatch.
- 2) In no event will payment exceed the actual cost incurred for repairs, replacement, or the limit of liability stated in this policy, whichever is the lesser.
- 3) If during the term of this policy, any insured real property is offered for sale, the liability for loss or damage will not exceed the lesser of:

- (a) The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or
- (b) The cost to repair or replace.

The Insured may elect not to repair or replace the property. Loss valuation may be elected on the lesser of repair or replacement cost basis if the proceeds of the loss valuation are expended on other capital expenditures related to the Insured's operations within two (2) years from the date of loss. As a condition of collecting under this item, such expenditures must be unplanned as of the date of loss and be made at a **described location**. This loss valuation does not include any amount that would or could have been paid under Section D., Extensions of Coverage, Item 14. Demolition and Increased Cost of Construction Items A. thru D.

If the Insured fails to comply with any of the valuation provisions or does not repair or replace the property within two (2) years from the date of loss, the basis of valuation will revert to the **actual cash value** as defined in this policy.

**15. Brands and Labels:**

If branded or labeled property covered by this policy is damaged by direct physical loss or damage insured by this policy and this company elects to take all or any part of such property at the value established by the terms of this policy, the Insured may at Insured's own expense:

- a) Stamp "salvage" on the property or its containers; or
- b) Remove or obliterate the brands or labels;

If doing so will not physically damage the property.

The Insured must re-label the property or containers in compliance with the requirements of law.

**16. Pairs and Sets:**

This policy covers the reduction in value of the undamaged portion of Insured personal property that is a part of a pair or set, directly resulting from direct physical loss or damage insured by this policy to other insured parts of such pairs or sets. If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such property to this company.

**17. Cancellation:**

- a) The first named Insured may cancel this policy at any time by:
  - 1) Surrendering the policy to this company.
  - 2) Mailing or delivering to this company advance written notice of cancellation.
- b) This company may cancel this policy by:
  - 1) Mailing; or
  - 2) Delivering;

Written notice of cancellation to the first named Insured at the address as stated in the declarations section, not less than:

- 1) Sixty (60) days; or

2) Ten (10) days for non-payment of premium;

Before the effective date of cancellation.

Proof of mailing or delivery will be sufficient proof of notice.

e) This company will return unearned premium to the Insured:

1) On a pro rata basis if this company cancels the policy.

2) 90% of the pro rata basis if the Insured cancels the policy.

## 18. Currency:

Any amounts specified in this policy, including but not limited to premium, limit(s) of liability, deductible(s), and loss payable will be considered to be in Canadian currency for **locations** situated in Canada and in United States of America currency for all other **locations**, unless specified otherwise.

## 19. Conformity to Statute:

Terms of this policy, which are in conflict with the statutes of the jurisdiction where the insured property is located, are amended to conform to such statutes.

## 20. Suspension:

Upon discovery of a dangerous condition, any representative of this company may immediately suspend the **boiler and machinery** insurance with respect to any machine, vessel or part thereof by giving written notice to the Insured. The insurance that is suspended may be reinstated by this company. The Insured will be allowed the return of the unearned portion of the premium resulting from the suspension of insurance.

If coverage is suspended, it will also be immediately suspended for any:

a) Mortgagee;

b) Lender; or

c) Additional named interest;

By written notice of suspension.

## **H. DEFINITIONS**

**Actual Cash Value** means the cost to repair or replace the property, at the time and place of the loss or damage, with material of like kind and quality, less proper deduction for obsolescence and physical depreciation.

**Boiler and Machinery** means:

1. Direct physical loss or damage originating within:

- a) 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:
  - 1) Waste disposal piping;
  - 2) Any piping forming part of a fire protective system;
  - 3) Furnaces; and
  - 4) Any water piping other than:
    - (a) Boiler feed water piping between the feed pump or injector and the boiler;
    - (b) Boiler condensate return piping; or
    - (c) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
- b) All mechanical, electrical, electronic or fiber optic equipment; and

2. Caused by, resulting from, or consisting of:

- a) Mechanical breakdown; or
- b) Electrical or electronic breakdown; or
- c) Extremes or changes of temperature; or
- d) Rupture, bursting, bulging, implosion, or steam explosion.

3. **Boiler and Machinery** does not mean:

Physical loss or damage caused by or resulting from any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- a) Combustion explosions, except from within combustion gas turbines; or
- b) Explosions from liquids coming in contact with molten materials; or
- c) Accidental discharge, escape, leakage, back-up, or overflow to the open of any material from confinement within piping, plumbing systems, or tanks except from property described in item 1 above; or
- d) Fire, or from the use of water or other means to extinguish a fire.

**Contaminant** means anything that causes **contamination**, including but **not** limited to any solid, liquid, gaseous or thermal irritant or substance, including but not limited to fiber, smoke, vapor, soot, fumes, acids, alkalis, chemicals, biological agents and waste, including but not limited to waste materials to be recycled, reconditioned or reclaimed.

**Contamination** means the actual or suspected presence of any material that can cause or threaten damage to human health or human welfare; or that can cause or threaten damage, deterioration, loss of value, loss of marketability, or loss of use of property. Such material includes, but is not limited to, any foreign substance, impurity, **contaminant**, hazardous material, poison, toxin, pathogen, pathogenic organism, bacteria, virus, disease causing agent or illness causing agent.

**Described Locations** means the locations described in the Insurance Provided section of the declarations section.

**Earth Movement** means any natural or man-made **earth movement**, including but not limited to earthquake or landslide.

**Electronic Data Processing (EDP) Data** means all information stored on media devices, including: facts, concepts, or computer programs; converted to a form usable in a data processing operation.

**Electronic Data Processing (EDP) Equipment** means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Equipment does not include property in the course of manufacture or property the Insured holds for sale or demonstration.

**Electronic Data Processing (EDP) Media** means all materials on which data is recorded including: magnetic tapes; disc packs; paper tapes; and cards; used in data processing equipment. **EDP media** does not include any memory bank attached to production machinery or any property the Insured holds for sale or demonstration.

**Exterior Insulation and Finish System (EIFS)** means any exterior cladding or finish system used on any part of any structure and consisting of: a rigid or semi-rigid insulation board made of expanded polystyrene or other materials; adhesive and/or mechanical fasteners used to attach the insulation board to the substrate; a reinforced base coat; and a finish coat providing surface texture and color, including sealant around windows and other penetrations.

**Fine Arts** means paintings; etchings; pictures; tapestries; rare or art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money, **securities**.

**Finished Goods** means stock manufactured or processed by the Insured which is ready for packing, shipment, or sale.

**Flood** means any surface water; tidal or seismic sea wave; tsunami; storm surge, including but not limited to the rush of water over or onto land from any body of water caused by high winds associated with a cyclone, tropical storm, hurricane or any other storm and secondarily by the low pressure of the storm; rising (including overflowing or breaking of boundaries) of any body of water, including but not limited to seas, oceans, reservoirs, lakes, streams, rivers, ponds and harbors; all whether natural or man-made, and whether driven by wind or not, and including spray from any of the foregoing that results from, contributes to, or is aggravated by any of the above whether natural or man-made. **Flood** also includes physical loss or damage from water which backs up through sewers or drains that are below ground level as a result of **flood**.

**Fungus, Mold or Mildew** means: fungus, including but not limited to mildew and mold; wet rot; dry rot; or chemical matter or compounds produced or released by such fungus, wet rot or dry rot.

**Location** means **described location**, Unnamed Location, or Newly Acquired Property.

**Money** means currency, coins, bank notes and bullion; and traveler checks, registered checks, and money orders held for sale to the public.

**Named Perils** means: fire, lightning, **wind and/or hail**, explosion, smoke, impact from aircraft and vehicles, objects falling from aircraft, strike, riot, civil commotion, vandalism, theft, attempted theft, sprinkler leakage, or collapse of buildings.

**Occurrence** means the sum total of all loss or damage of the type insured, including any insured **business interruption** loss, arising out of or caused by one discrete event of physical loss or damage, except

- 1. Terrorism: Occurrence** will mean the sum total of all loss or damage of the type insured, including any insured **business interruption** loss, arising out of or caused by all acts of **terrorism** during a continuous period of seventy-two (72) hours.
- 2. Earth Movement: Occurrence** will mean the sum total of all loss or damage of the type insured, including any insured **business interruption** loss, arising out of or caused by all **earth movement(s)** during a continuous period of seventy-two (72) hours.

**Processing Water** means water that is contained within any enclosed tank, piping system or any other processing equipment.

**Raw Materials** mean materials and supplies in the state in which the Insured receives them for conversion by the Insured into **finished goods**.

**Research Experiments** means supplies, materials, or equipment that is used or consumed solely in a research and development project.

**Securities** mean negotiable and non negotiable instruments or contracts representing **money** and includes: tokens; tickets; revenue and other stamps (whether represented by actual stamps or unused value in a meter); and evidence of debt issued in connection with credit card or charge cards that are not issued by the Insured. **Securities** do not mean **money**.

**Sewer Back Up** means water which backs up through sewers or drains that are below ground level. **Sewer back up** does not mean loss or damage from water, which backs up through sewers or drains that are below the ground as a result of **flood**.

**Soft Costs** means the expenses over and above normal expenses at **locations** undergoing alterations or additions to existing property and property in the course of construction limited to the following:

1. Construction loan fees - the additional cost incurred to rearrange loans necessary for the completion of construction, repairs or reconstruction including the cost to arrange refinancing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, and charges by the lenders for the extension or renewal of loans necessary.
2. Commitment fees, leasing and marketing expenses - the cost of releasing and marketing of the Insured Project due to loss of tenant(s) or purchaser(s).
3. Additional fees - for architects, engineers, consultants, attorneys and accountants needed for the completion of construction, repairs or reconstruction as a direct result of direct physical loss or damage.
4. Carrying costs - building permits, additional interest on loans, insurance premiums and property and realty taxes.

**Stock in Process** means **raw materials** or stock, which has undergone any aging, seasoning, mechanical or other process or manufacture, but which is not **finished goods**.

**Terrorism** means:

Any act, involving the use or threat of: force, violence, dangerous conduct, interference with the operations of any business, government or other organization or institution, or any similar act,

When the effect or apparent purpose is:

To influence or instill fear in any government (de jure or de facto) or the public, or any segment of either; or to further, or to express support for, or opposition to, any political, religious, social, ideological or similar type of objective or position.

**Valuable Papers and Records** mean inscribed, printed or written: documents; manuscripts or records including abstracts; and, books, deeds, drawings, films, maps, or mortgages. Valuable Papers are not: **money**, **securities** and stamps; converted data programs or instructions used in the Insured's data processing operations; or, materials on which data is recorded.

**Wind and/or Hail** means direct and/or indirect action of **wind and/or hail** and all loss or damage resulting therefrom including loss or damage caused when water vapor, spray not from **flood**, mist, rain, sleet, hail, snow, ice, sand, dust or any other substance, material, object or thing is carried, blown, driven or otherwise transported through the air by wind onto or into a **location**. **Wind and/or Hail** will not mean or include anything within the policy definition of **flood**, nor will **wind and/or hail** include any loss or damage caused by fire or explosion.

**A. POLICY TERM:**

**B. NAMED INSURED:**

**C. POLICY LIMIT:**

**D. INSURANCE PROVIDED:**

**E. SUB-LIMITS:**

Unless otherwise stated below, the following sub-limits of liability will apply on a per occurrence basis for all coverages provided, and are part of, not in addition to, the above limit(s) of liability.

For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy.

1. \$ \_\_\_\_\_ Earth Movement (Annual Aggregate, for all coverages provided)
2. \$ \_\_\_\_\_ Flood (Annual Aggregate, for all coverages provided)
3. \$ \_\_\_\_\_ Extra Expense -- This Company will pay the greater of the sub-limit or 15% of the reported annual Business Interruption values.

**F. EXTENSIONS OF COVERAGE (EOC) SUB-LIMITS:**

The following sub-limits of liability will apply on a per occurrence basis for all coverages provided, unless otherwise stated below, and are part of, not in addition to the above limit(s) of liability.

For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy.

**All Risk EOC Sub-Limits:**

1. \$ \_\_\_\_\_ Fire Fighting Materials and Expenses
2. \$ \_\_\_\_\_ Professional Fees
3. \$ \_\_\_\_\_ Expediting Expenses
4. \$ \_\_\_\_\_ Trees, Shrubs, Plants and Lawns not to exceed a limit of \$1,000 per item
5. \$ \_\_\_\_\_ Pavements and Roadways
6. \$ \_\_\_\_\_ Land and Water Clean Up Expense (Annual Aggregate, for all coverages provided)
7. \$ \_\_\_\_\_ Installation Floater
8. \$ \_\_\_\_\_ Newly Acquired Property
9. \$ \_\_\_\_\_ A. Unnamed Locations Coverage  
B. Unnamed Locations World-Wide
10. \$ \_\_\_\_\_ Fine Arts
11. \$ \_\_\_\_\_ Accounts Receivable
12. \$ \_\_\_\_\_ A. Valuable Papers and Records excluding Library Books  
\$ \_\_\_\_\_ B. Library Books not to exceed a limit of \$50.00 per book
13. \$ \_\_\_\_\_ Electronic Data Processing, Data and Media
14. Demolition and Increased Cost of Construction  
Item A: Undamaged Portion  
\$ \_\_\_\_\_ Item B: Demolition  
\$ \_\_\_\_\_ Item C: Compliance with the Law  
\$ \_\_\_\_\_ Item D: Business Interruption
15. \$ \_\_\_\_\_ Errors and Omissions

- 16. \$ \_\_\_\_\_ Transit
- 17. Terrorism Coverage and the Supplemental United States Certified Act of Terrorism Endorsement
  - \$ \_\_\_\_\_ A. United States Certified Act of Terrorism coverage
  - \$ \_\_\_\_\_ B. Terrorism Coverage for Locations Outside of the United States (Annual Aggregate, for all coverages provided)
- 18. \$ \_\_\_\_\_ Fungus, mold or mildew
- 19. \$ \_\_\_\_\_ Prizes and Giveaways
- 20. \$ \_\_\_\_\_ Off-Premises Service Interruption - Property Damage
- 21. \$ \_\_\_\_\_ Arson or Theft Reward
- 22. \$ \_\_\_\_\_ Money and Securities
- 23. \$ \_\_\_\_\_ Locks and Keys
- 24. \$ \_\_\_\_\_ Tenants Legal Liability and Expense
- 25. \$ \_\_\_\_\_ Soft Costs
- 26. Research and Development
  - \$ \_\_\_\_\_ A. Research Animals not to exceed \$1,000 per Animal
  - \$ \_\_\_\_\_ B. Research Experiments
- 27. \$ \_\_\_\_\_ Patients Personal Property not to exceed a limit of \$10,000 Per Patient (Annual Aggregate, for all coverages provided)
- 28. \$ \_\_\_\_\_ Interruption by Communicable Disease (Annual Aggregate, for all coverages provided)
- 29. \$ \_\_\_\_\_ Change in Temperature
- 30. Mobile Medical and Mobil Diagnostic Equipment Floater
  - \$ \_\_\_\_\_ A. Personal Property
  - Not Covered B. Business Interruption
- 31. \$ \_\_\_\_\_ Defense Costs for Property of Others

**Business Interruption - Extensions of Coverage Sub-Limits:**

- A. \_\_\_\_\_ Days of Ordinary Payroll
- B. \_\_\_\_\_ Days of Civil Authority
- C. \$ \_\_\_\_\_ Off-Premises Service Interruption
- D. \$ \_\_\_\_\_ Contingent Business Interruption
- E. \$ \_\_\_\_\_ Research and Development Expense
- F. \$ \_\_\_\_\_ Ingress/Egress
- G. \$ \_\_\_\_\_ Tax Treatment
- H. \$ \_\_\_\_\_ Contractual Penalties
- I. \$ \_\_\_\_\_ Fund Raising Expense
- J. \$ \_\_\_\_\_ Professional Employee Replacement Expense (Annual Aggregate, for all coverages provided)
- K. \$ \_\_\_\_\_ Patient and Tenant Relocation Expense (Annual Aggregate, for all coverages provided)
- L. \$ \_\_\_\_\_ Emergency Vacating Expense (Annual Aggregate, for all coverages provided)
- M. \_\_\_\_\_ Days of Extended Period of Indemnity

The above Extensions of Coverage sub-limits of liability will be the maximum payable for property damage and business interruption (if applicable) resulting from such property damage, or any combination thereof.

With respect to items A. and M. the number of days is part of and not in excess to any other outstanding sub-limits of liability.

**G. DEDUCTIBLE AMOUNT:**

The following deductible amounts shall apply per occurrence for loss or damage under this policy in the respective loss categories indicated:

- 1. \$ \_\_\_\_\_ All Other Losses



**H. SPECIAL TERMS AND CONDITIONS:**

**I. INDEX OF FORMS:**

The following forms are made part of this policy:

<b><u>Title</u></b>	<b><u>Form No.</u></b>	<b><u>Edition</u></b>
Declarations	S-1 PRO HC 3100	(12/08)



**Healthcare Form  
Business Interruption Endorsement  
Gross Earnings/Rents/Extra Expense**

**1. COVERAGE PROVIDED:**

In consideration of additional premium, this policy is extended to cover the actual loss sustained by the Insured due to the necessary interruption of production or business operations or services during the period of interruption of the following:

**A. Gross Earnings, Rents, and Expense to Reduce Loss; and**

**B. Extra Expense;**

Directly resulting from direct physical loss or damage insured by this policy to property not excluded, utilized by the insured, and at a **location**, but only to the extent the Insured is unable to make up production and resume or continue operations or services, partially or entirely, by utilizing damaged or undamaged property all whether or not at a **location(s)**.

As respects to Item A. above, the amount payable shall be limited to the extent the Insured is able to demonstrate a loss of sales for the production or business operations or services prevented.

**2. CONDITIONS:**

In determining the loss payable under this endorsement, this company will give consideration to:

**A.** The experience of the business before and after and the probable experience during the period of interruption.

**B.** The continuation of only those normal charges and expenses that would have existed had no interruption of production or business operations or services occurred.

**3. PERIOD OF INTERRUPTION:**

For the purposes of determining the loss payable under this endorsement due to an interruption of production or business operation or services at a **location** directly resulting from direct physical loss or damage this company will apply the following:

**A. For Business Operations:** The period of interruption is:

1) The period from the time of such loss or damage insured by this policy,

To the time

2) When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced and made ready for production or business operations or services under the same or equivalent physical operating conditions at the **location** that existed prior to such loss or damage; except

**B. For Property in the Course of Construction/Renovation:** The period of interruption for alterations or additions to existing property and property in the course of construction will be determined as follows:

1) The period from the time of such loss or damage insured by this policy,

To the time

2) When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced to the same or equivalent degree of completion at the **location** that existed prior to such loss or damage.

This period of time will be applied to the level of production or business operations or services that would have been reasonably achieved after construction and startup would have been completed had no direct physical loss or damage happened.

The Period of Interruption in items A. and B. above:

- 1) Will include that period of time for which physically lost or damaged **raw materials** would have supplied production or business operating or servicing needs.
- 2) Will not include any additional time resulting from the inability to procure suitable **raw materials** and/or supplies to replace those physically damaged or destroyed.
- 3) Will not include any additional time required for making change(s) to the buildings, or structures, for any reason except as set forth in Section D. Extensions of Coverage Item 14. Demolition and Increased Cost of Construction extension contained within the policy, nor any additional time for re-staffing or retraining employees, nor for any additional time due to the Insured's inability to resume operations regardless of the reason.
- 4) Will not be limited by the expiration of this policy.
- 5) Will not exceed 12 months from the inception of direct physical loss or damage caused by or resulting from **terrorism**.

#### **4. LIMIT OF LIABILITY:**

This company's maximum limit of liability per **occurrence** for all loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.

##### **Extra Expense Sub-Limit**

This company's maximum limit of liability per **occurrence** for all **extra expense** loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.

##### **Extensions of Coverage**

This company's maximum sub-limit of liability per **occurrence** for all the Section 5., Extensions of Coverage are shown in the declarations section.

## 5. EXTENSIONS OF COVERAGE:

The following coverages apply, subject to the terms and conditions of the policy, and to the extent shown in the declarations section. Extensions of Coverage C., D., E., F., G., H., I., J., K., L., and M. do not provide coverage for loss caused by or resulting from **terrorism**.

### A. Ordinary Payroll:

This policy is extended to cover the actual loss sustained of **ordinary payroll** during the period of interruption as a direct result of direct physical loss or damage insured by this policy, to property not excluded, utilized by the insured and at a **location**, causing an interruption of production or business operations or services which results in a loss of **gross earnings**. This coverage is provided for no more than the number of consecutive days as shown in the declarations section, and only to the extent that such payroll would have been earned had no interruption occurred.

If the Insured reduces the daily loss otherwise payable under this extension, either by:

- 1) Providing gainful employment for; or
- 2) Paying less than the normal payroll rate to;

All or part of its employees, then the number of consecutive days provided above may be extended in proportion to such reduction of loss otherwise payable. In no event will this provision increase the total liability of this company beyond the amount for which it would have been liable for this coverage without this additional provision.

### B. Civil Authority:

This policy is extended to cover **business interruption** when, as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy, at the **location** or within five statute miles of it, access to the **location** is prohibited by order of civil authority. This coverage is provided for no more than the number of consecutive days as shown in the declarations section starting from the time of such order of civil authority.

### C. Off-Premises Service Interruption:

This policy is extended to cover **business interruption** caused by or resulting from the interruption of the following incoming and outgoing services. The interruption of such services must be by reason of any accidental event at the facilities of the service provider(s).

Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.

This coverage does not apply to: service interruption due to deliberate act(s) by the supplying entity to shed load, to maintain system integrity, **flood, earth movement**, contingent business interruption coverage, or at unnamed locations whether or not such coverage is provided elsewhere in this policy. Resultant and concurrent interruptions are considered as one event.

#### **D. Contingent Business Interruption Coverage:**

This policy is extended to cover **business interruption** as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy at the premises of direct suppliers; direct customers; direct contract service suppliers; or of any company under any royalty, licensing fee or commission agreement.

Such parties above do not include entities supplying to or receiving from a **location** electricity, fuel, water, steam, refrigeration, sewage or communications services of every type and description.

Loss sustained by the insured resulting from **flood** and/or **earth movement** whether or not such coverage is provided elsewhere in this policy is not covered.

#### **E. Research and Development Expense:**

This policy is extended to cover **ordinary payroll** and loss of continuing fixed charges and expenses as a direct result of direct physical loss or damage of the type insured by this policy to insured property not excluded at a **location** and utilized in research and development activities. The **ordinary payroll** and continuing fixed charges and expenses must be directly attributable to such research and development activities, which in themselves would not have produced income during the period of interruption.

#### **F. Ingress/Egress:**

This policy is extended to cover **business interruption** as a direct result of physical loss or damage of the type insured by this policy when ingress to or egress from a **location(s)** is physically prevented by such loss or damage, to property whether or not at a **location** of the insured.

#### **G. Tax Treatment:**

This policy is extended to cover increased tax liability as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. If the tax liability is greater than the tax liability that would have been incurred had no such loss occurred, then this policy will cover only the increased tax liability for the profit portion of the physically damaged **finished goods**, and the profit portion of the **gross earnings** and **rents** loss.

#### **H. Contractual Penalties:**

This policy is extended to cover contractual penalties as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. Contractual penalties are penalties incurred by the insured due to late or non-completion of orders. Contractual penalties must be written in the provisions of a contract prior to the time of such direct physical loss or damage. Contractual penalties will be limited to the contractual sales value of such late or non-completed orders.

#### **I. Fund Raising Expense:**

This policy is extended to cover the actual loss sustained of fixed charges and expenses related to fund raising activities or events, when such fund raising activities or events are interrupted or cancelled as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy.

## **J. Professional Employee Replacement Expense:**

This policy is extended to cover the reasonable and necessary expense to replace professional employees, including but not limited to;

- 1) Administrators,
- 2) Doctors,
- 3) Nurses, and
- 4) Research personnel

Who resigned as a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy at a **location** and when the period of interruption resulting from such loss or damage exceeds 30 consecutive days.

This expense does not extend to third party contract employees or the rehiring of former employees who were employed by the Insured at the time of loss. Expenses incurred by the Insured for recruiting and advertising for professional employees before and after the loss or damage will be taken into consideration by this company.

## **K. Patient and Tenant Relocation Expense:**

This policy is extended to cover the reasonable and necessary relocation expenses incurred by the Insured to relocate:

- 1) Patients; residents; tenants; or
- 2) Lawful occupants;

To other quarters in the shortest possible time when patient rooms, rented space or living quarter(s) at a **described location** are made uninhabitable as a direct result of direct physical loss or damage insured by this policy.

Coverage is provided for the reasonable and necessary expense of:

- 1) Packing, sorting, and transportation cost for patients; residents; tenants; or lawful occupants, including their personal property;
- 2) Reestablishing new utility services, less refunds from discontinued services, at the damaged location;
- 3) Searching for new quarters;
- 4) Disconnecting and reconnecting fixtures and equipment; and
- 5) Storage costs while awaiting possession of other quarters or restoration of existing quarters.

No coverage is provided for:

- 1) Loss caused by the termination of a lease or other agreement;
- 2) Security deposits or other payments made to the landlord or lessors of the new quarters; or
- 3) Down payments, legal fees and closing costs for the purchase of new quarters.

#### **L. Emergency Vacating Expense:**

This policy is extended to cover the reasonable and necessary vacating expenses incurred by the Insured when a civil authority orders the emergency evacuation of:

- 1) Patients; residents; tenants; or
- 2) Lawful occupants;

From a **described location** as a direct result of immediately impending physical loss or damage of the type insured by this policy.

No coverage is provided if the evacuation results from:

- 1) A planned evacuation drill;
- 2) Evacuation of any resident because of a medical condition(s); or
- 3) A false alarm.

#### **M. Extended Period of Indemnity:**

This policy is extended to cover **gross earnings** and **rents** during the time it takes to restore the Insured's business, with due diligence and dispatch, to the probable experience that would have existed had no direct insured physical loss or damage causing an interruption of production or business operation or services occurred.

This extension of time starts immediately after the period of interruption and runs for no more than the number of consecutive days as shown in the declarations section. This extension does not extend the period of interruption for Section 5., Extensions of Coverage, Items: A., B., E., F., G., H., I., J., K., and L.

### **6. EXCLUSIONS:**

This endorsement does not cover any of the following:

- A. Any loss during any period in which goods would not have been produced or in which business operations or services, including rental activities, would not have been maintained for any reason other than direct physical loss or damage insured by the policy.
- B. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order except as provided in Section 5., Extensions of Coverage, Item I., Extended Period of Indemnity.
- C. Any additional loss due to:
  - 1) Fines or damages for breach of contract or for late or non-completion of orders,
  - 2) Penalties of any nature whatsoever, or
  - 3) Any other consequential or remote loss.
- D. Any loss resulting from physical loss or damage to property in transit.

- E. Any loss resulting from physical loss or damage to **finished goods** or the time required for their reproduction.
- F. Any remaining or residual value of property obtained in reducing loss payable, in making up production, or in continuing the business operations or services.
- G. Any loss resulting from the actual cash value portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

**7. DEFINITIONS:**

**Business Interruption** means **gross earnings, rents, expense to reduce loss, extra expense, and ordinary payroll**.

**Expense to Reduce Loss** means:

The expenses, over and above normal operating expenses incurred during the period of interruption that reduce loss otherwise payable but only to the extent that such loss has been reduced.

**Extra Expense** means:

The reasonable and necessary expenses in excess of normal incurred by the insured during the period of interruption to:

- 1) Temporarily continue as close to normal the conduct of the Insured's business.
- 2) Temporarily use the property of the Insured or others,

All less any value remaining at the end of the period of interruption for property obtained in connection with the above.

**Extra Expense** does not mean:

- 1) Any loss of income.
- 2) Expenses that normally would have been incurred in the conduct of the Insured's business.
- 3) Cost of permanent repair or replacement of property that has been damaged or destroyed.

**Gross Earnings** means:

The net sales value of production lost during the period of interruption, less the cost of:

- 1) Raw stock;
- 2) Materials and supplies;
- 3) Services rendered by the Insured;
- 4) **Ordinary payroll**;
- 5) Charges and expenses that do not continue; and
- 6) Merchandise sold.

Plus all other earnings derived from operations of the business excluding **rents**.

**Ordinary Payroll** means:

- 1) Wages of all employees except officers, executives, department managers, and employees under contract or similar key employees; and
- 2) Includes taxes and charges dependent on the payment of those wages.

**Rents** means:

When Insured property cannot be occupied:

- 1) The fair rental value of any portion of the property occupied by the Insured;
- 2) Income reasonably expected from the rentals of unoccupied or un-rented portions of such property; and
- 3) The rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements, in force at the time of loss;

Less the cost of all charges and expenses that do not continue during the period of interruption.

All other terms and conditions of this policy remain unchanged.



**Healthcare Form  
Business Interruption Endorsement  
Gross Profit/Rents/Extra Expense**

**1. COVERAGE PROVIDED:**

In consideration of additional premium, this policy is extended to cover the actual loss sustained by the Insured due to the necessary interruption of business operations during the period of indemnity of the following:

**A. Gross Profit, Rents and Expense to Reduce Loss; and**

**B. Extra Expense;**

Directly resulting from direct physical loss or damage insured by this policy to property not excluded, utilized by the Insured, and at a **location**, but only to the extent the Insured is unable to make up **sales** and reduce the amount of loss payable, partially or entirely, by using any suitable property or service owned, controlled or obtained from other sources all whether or not at a **location(s)**.

In respect to item A. above, the amount payable shall be limited to such loss resulting from a **reduction in sales and expense to reduce loss**.

**2. CONDITIONS:**

In determining the loss payable under this endorsement:

**A.** This company will consider:

1) Any amount recovered elsewhere under this policy for loss or damage to:

a) **Finished goods**; or

b) Merchandise;

As if sold to the Insured's regular customers.

2) The experience of the business before and after and the probable experience of the business during the period of indemnity.

3) Any goods sold or services rendered at any **location** whether insured or not for the benefit of the business, either by the Insured or others on the Insured's behalf shall be included in arriving at the amount of **sales** during the period of indemnity.

**B.** The Insured agrees to use overtime, extra time and any suitable property or service owned or controlled by the Insured or obtainable from other sources in order to continue **sales** and to reduce loss payable.

**C.** The Insured must act with due diligence and dispatch in repairing or replacing the physically damaged property to the same or equivalent physical and operating conditions that existed prior to the damage in order to continue **sales** and reduce the loss payable under this endorsement.

**D.** If there are any fixed charges that are not insured under this endorsement, then in computing the amount recoverable under the **expense to reduce loss**, only that proportion of the additional expense will be recoverable as the sum of the **net profit** and the **insured fixed charges** bears to the sum of the **net profit** and all the **insured fixed charges**.

### **3. PERIOD OF INDEMNITY:**

For purposes of determining the loss payable under this endorsement, due to an interruption of business operations at a **location** directly resulting from direct physical loss or damage, this company will apply the following:

**A. For Business Operations:** The period of indemnity is:

- 1) The period from the time of such loss or damage insured by this policy; and
- 2) Ending no later than twelve (12) months (or as amended in the declaration section) thereafter during which period business operations are directly affected by such loss or damage; except

**B. For Properties in the Course of Construction/Renovation:** The period of indemnity for alterations or additions to existing property and property in the course of construction will be determined as follows:

- 1) The period from the time of such loss or damage insured by this policy when operations would have begun if the such loss or damage had not occurred; and
- 2) Ending no later than twelve (12) months thereafter during which period business operations are directly affected by such loss or damage.

The Period of Indemnity in items A. and B. above:

- 1) Will not include any additional time required for making change(s) to the buildings or structures for any reason except as set forth in Section D. Extensions of Coverage, Item 14. Demolition and Increased Cost of Construction, nor any additional time for re-staffing or retraining employees nor for any additional time due to the Insured's inability to resume operations regardless of the reason.
- 2) Will not be limited by the expiration of this policy.
- 3) Will not exceed 12 months from the inception of direct physical loss or damage caused by or resulting from **terrorism**.

### **4. LIMIT OF LIABILITY:**

This company's maximum limit of liability per **occurrence** for all loss under this endorsement will not exceed the sub-limit of liability shown (if any) in the declarations section.

#### **A. Extra Expense Sub-Limit**

This company's maximum limit of liability per **occurrence** for all **extra expense** loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.

#### **B. Extensions of Coverage**

This company's maximum sub-limit of liability per **occurrence** for all the Section 5., Extensions of Coverage are shown in the declarations section.

## 5. EXTENSIONS OF COVERAGE:

The following coverages apply, subject to the terms and conditions of the policy, and to the extent shown in the declarations section. Extensions of Coverage C., D., E., F., G., H., I., J., K., and L. do not provide coverage for loss caused by or resulting from **terrorism**.

### A. Ordinary Payroll:

This policy is extended to cover the actual loss sustained of **ordinary payroll** during the period of indemnity as a direct result of direct physical loss or damage insured by this policy, to property not excluded, utilized by the Insured and at a location, causing an interruption of business operations which results in a loss of **gross profit**. This coverage is provided for no more than the number of consecutive days as shown in the declarations section, and only to the extent that such payroll would have been earned had no interruption occurred.

If the Insured reduces the daily loss otherwise payable under this extension, either by:

- 1) Providing gainful employment for; or
- 2) Paying less than the normal payroll rate to;

All or part of its employees, then the number of consecutive days provided above may be extended in proportion to such reduction of loss otherwise payable. In no event will this provision increase the total liability of this company beyond the amount for which it would have been liable for this coverage without this additional provision.

### B. Civil Authority:

This policy is extended to cover **business interruption** when, as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy, at the **location** or within five statute miles of it, access to the **location** is prohibited by order of civil authority. This coverage is provided for no more than the number of consecutive days as shown in the declarations section starting from the time of such order of civil authority.

### C. Off-Premises Service Interruption:

This policy is extended to cover **business interruption** caused by or resulting from the interruption of the following incoming and outgoing services. The interruption of such services must be by reason of any accidental event at the facilities of the service provider(s).

Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.

This coverage does not apply to: service interruption due to deliberate act(s) by the supplying entity to shed load, to maintain system integrity, **flood, earth movement**, contingent business interruption coverage, or at unnamed locations whether or not such coverage is provided elsewhere in this policy. Resultant and concurrent interruptions are considered as one event.

#### **D. Contingent Business Interruption Coverage:**

This policy is extended to cover **business interruption** as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy at the premises of direct suppliers, direct customers, direct contract service suppliers, or of any company under any royalty, licensing fee or commission agreement.

Such parties above do not include entities supplying to or receiving from a **location** electricity, fuel, water, steam, refrigeration, sewage or communications services of every type and description.

Loss sustained by the insured resulting from **flood** and/or **earth movement** whether or not such coverage is provided elsewhere in this policy is not covered.

#### **E. Research and Development Expense:**

This policy is extended to cover **ordinary payroll** and loss of **insured fixed charges** as a direct result of direct physical loss or damage of the type insured by this policy to insured property not excluded at a **location** and utilized in research and development activities. The **ordinary payroll** and **insured fixed charges** must be directly attributable to such research and development activities, which in themselves would not have produced **gross profit** during the period of indemnity.

#### **F. Ingress/Egress:**

This policy is extended to cover **business interruption** as a direct result of physical loss or damage of the type insured by this policy when ingress to or egress from a **location(s)** is physically prevented by such loss or damage, to property whether or not at the **location** of the insured.

#### **G. Tax Treatment:**

This policy is extended to cover increased tax liability as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. If the tax liability is greater than the tax liability that would have been incurred had no such loss occurred, then this policy will cover only the increased tax liability for the profit portion of the physically damaged **finished goods**, and the profit portion of the **gross profit** and **rents** loss.

#### **H. Contractual Penalties:**

This policy is extended to cover contractual penalties as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. Contractual penalties are penalties incurred by the insured due to late or non-completion of orders. Contractual penalties must be written in the provisions of a contract prior to the time of such direct physical loss or damage. Contractual penalties will be limited to the contractual sales value of such late or non-completed orders.

#### **I. Fund Raising Expense:**

This policy is extended to cover the actual loss sustained of fixed charges and expenses related to fund raising activities or events, when such fund raising activities or events are interrupted or cancelled as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy.

## **J. Professional Employee Replacement Expense:**

This policy is extended to cover the reasonable and necessary expense to replace professional employees, including but not limited to;

- 1) Administrators,
- 2) Doctors,
- 3) Nurses, and
- 4) Research personnel

Who resigned as a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy at a **location** and when the period of interruption resulting from such loss or damage exceeds 30 consecutive days.

This expense does not extend to third party contract employees or the rehiring of former employees who were employed by the Insured at the time of loss. Expenses incurred by the Insured for recruiting and advertising for professional employees before and after the loss or damage will be taken into consideration by this company.

## **K. Patient and Tenant Relocation Expense:**

This policy is extended to cover the reasonable and necessary relocation expenses incurred by the Insured to relocate:

- 1) Patients; residents; tenants; or
- 2) Lawful occupants;

To other quarters in the shortest possible time when patient rooms, rented space or living quarter(s) at a **described location** are made uninhabitable as a direct result of direct physical loss or damage insured by this policy.

Coverage is provided for the reasonable and necessary expense of:

- 1) Packing, sorting, and transportation cost for patients; residents; tenants; or lawful occupants, including their personal property;
- 2) Re-establishing new utility services, less refunds from discontinued services, at the damaged location;
- 3) Searching for new quarters;
- 4) Disconnecting and reconnecting fixtures and equipment; and
- 5) Storage costs while awaiting possession of other quarters or restoration of existing quarters.

No coverage is provided for:

- 1) Loss caused by the termination of a lease or other agreement;
- 2) Security deposits or other payments made to the landlord or lessors of the new quarters; or
- 3) Down payments, legal fees and closing costs for the purchase of new quarters.

**L. Emergency Vacating Expense:**

This policy is extended to cover the reasonable and necessary vacating expenses incurred by the Insured when a civil authority orders the emergency evacuation of:

- 1) Patients; residents; tenants; or
- 2) Lawful occupants;

From a **described location** as a direct result of immediately impending physical loss or damage of the type insured by this policy.

No coverage is provided if the evacuation results from:

- 1) A planned evacuation drill;
- 2) Evacuation of any resident because of a medical condition(s); or
- 3) A false alarm.

**6. EXCLUSIONS:**

This endorsement does not cover any of the following:

- A. Any loss during any period in which goods would not have been produced or in which business operations, including rental activities, would not have been maintained for any reason other than direct physical loss or damage of the type insured by the policy.
- B. Any additional loss due to:
  - 1) Fines or damages for breach of contract or for late or non-completion of orders;
  - 2) Penalties of any nature whatsoever; or
  - 3) Any other consequential or remote loss as respects **extra expense** only.
- C. Any loss resulting from physical loss or damage to property in transit.
- D. Any remaining or residual value of property obtained in reducing loss payable, in making up production, or in continuing the business operations.
- E. Any loss resulting from the actual cash value portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

## 7. DEFINITIONS:

**Business interruption** means **gross profit, rents, expense to reduce loss, extra expense, and ordinary payroll.**

**Expense to reduce loss** means:

The additional and reasonable expense that must be incurred for the sole purpose of avoiding or diminishing the **reduction in sales** that would have taken place during the period of indemnity absent this expense, but not exceeding the **reduction in sales** avoided.

**Extra Expense** means:

The reasonable and necessary expenses in excess of normal incurred by the Insured during the period of indemnity to:

- 1) Temporarily continue as close to normal the conduct of the Insured's business;
- 2) Temporarily use the property of the Insured or others;

All less any value remaining at the end of the period of indemnity for property obtained in connection with the above.

**Extra Expense** does not mean:

- 1) Any loss of income.
- 2) Expenses that normally would have been incurred in the conduct of the Insured's business.
- 3) Cost of permanent repair or replacement of property that has been damaged or destroyed.

**Gross Profit** means:

The sum produced by adding the **net profit** to the **insured fixed charges**. If there is no **net profit** the amount of all **insured fixed charges** less that proportion of any loss from business operations as the amount of the **insured fixed charges** bears to all fixed charges.

**Insured Fixed Charges** means:

All fixed charges excluding **ordinary payroll** and other charges specifically listed in the declarations section.

**Net Profit** means:

The net operating profit exclusive of all:

- 1) Capital receipts and accruals; and
- 2) Outlay properly chargeable to capital;

Resulting from the business of the Insured at the **location** after due provision has been made for all fixed charges and any other expenses, including depreciation, but before deduction of any taxes on profits.

**Ordinary Payroll** means:

- 1) Wages of all employees except officers, executives, department managers, and employees under contract or similar key employees; and
- 2) Includes taxes and charges dependent on the payment of those wages.

**Rate of Gross Profit** means:

The rate of **gross profit** earned on sales during the twelve full months immediately before the date of the loss or damage to the insured property.

**Reduction in Sales** means:

The amount produced by applying the **rate of gross profit** to the amount by which the **sales** during the period of indemnity fall short of the **standard sales**.

**Rents** means:

When insured property cannot be occupied:

- 1) The fair rental value of any portion of the property occupied by the Insured;
- 2) Income reasonably expected from the rentals of unoccupied or un-rented portions of such property; and
- 3) The rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements, in force at the time of loss;

Less the cost of all charges and expenses that do not continue during the period of indemnity.

**Sales** means:

The money paid or payable to the Insured for:

- 1) Goods sold and delivered; and
- 2) Services rendered;

In the conduct of the Insured's business at a **location**.

**Standard Sales** means:

The **sales** during the period in the twelve (12) months immediately before the date of the loss or damage to the insured property which corresponds with the period of indemnity.

All other terms and conditions of this policy remain unchanged.

*SERFF Tracking Number:*      *FMGL-125885273*                      *State:*                      *Arkansas*  
*Filing Company:*              *Affiliated FM Insurance Company*              *State Tracking Number:*      *EFT \$50*  
*Company Tracking Number:*      *AFF-2008-62*  
*TOI:*                      *01.0 Property*                      *Sub-TOI:*                      *01.0001 Commercial Property (Fire and Allied Lines)*  
  
*Product Name:*              *AFF-2008-62*  
*Project Name/Number:*      /

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: FMGL-125885273 State: Arkansas  
Filing Company: Affiliated FM Insurance Company State Tracking Number: EFT \$50  
Company Tracking Number: AFF-2008-62  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: AFF-2008-62  
Project Name/Number: /

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 11/07/2008

**Comments:**

**Attachment:**

!Master Trans 11 5 08.pdf

**Satisfied -Name:** Forms List **Review Status:** Approved 11/07/2008

**Comments:**

**Attachment:**

!! FORMS LIST.pdf

**Satisfied -Name:** Description of Filing **Review Status:** Approved 11/07/2008

**Comments:**

**Attachment:**

Description of Filing.pdf

**Satisfied -Name:** Explanatory Memorandum **Review Status:** Approved 11/07/2008

**Comments:**

**Attachment:**

Explanatory Memorandum.pdf

**Satisfied -Name:** Side by Side PRO HC 3100 **Review Status:** Approved 11/07/2008

**Comments:**

**Attachment:**

!1S X S Pro Ed 3100 vs Pro HC 3100 10 29 08.pdf

SERFF Tracking Number: FMGL-125885273 State: Arkansas  
Filing Company: Affiliated FM Insurance Company State Tracking Number: EFT \$50  
Company Tracking Number: AFF-2008-62  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: AFF-2008-62  
Project Name/Number: /

**Satisfied -Name:** Side by Side S-1 PRO HC 3100 **Review Status:** Approved 11/07/2008  
**Comments:**  
**Attachment:**  
!2S X S S-1 ED v S-1 HC 10 31 08 II.pdf

**Satisfied -Name:** Side by Side PRO GE EE HC 3200 **Review Status:** Approved 11/07/2008  
**Comments:**  
**Attachment:**  
!3S x S GE-EE 3200 vs. GE-EE ED 3200 3 20 08.pdf

**Satisfied -Name:** Side by Side PRO GP EE HC 3240 **Review Status:** Approved 11/07/2008  
**Comments:**  
**Attachment:**  
!4S x S GP-EE ED 3240 vs. GP-EE HC 3240 10 31 08.pdf

## Property & Casualty Transmittal Document

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

<b>3. Group Name</b>	<b>Group NAIC #</b>

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #

<b>5. Company Tracking Number</b>	
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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

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

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

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

## Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #

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

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

Check #:  
Amount:

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

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

PC TD-1 pg 2 of 2

## 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.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	
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<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (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			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

**PROPERTY & CASUALTY 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 the state.)

This filing transmittal is part of Company Tracking #			AFF-2008-62		
This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)					
	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)
1	Healthcare Form All Risks Property Coverage	PRO HC 3100 (12/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
2	Declarations Page S-1	S-1 PRO HC 3100 (12/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
3	Healthcare Form Business Interruption Endorsement Gross Earnings/Rents/Extra Expense	PRO GE-EE HC 3200 (12/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
4	Healthcare Form Business Interruption Endorsement Gross Profit/Rents/Extra Expense	PRO GP-EE HC 3240 (12/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
5			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
6			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
7			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
8			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
9			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

AFF-2008-62

HEALTHCARE FORMS FILING FOR COMMERCIAL PROPERTY  
DESCRIPTION OF FILING

We are filing a new commercial property insurance product with two optional business interruption endorsements and an extension of the declarations page. This is an addition to the ProVision Commercial Property Insurance Program already on file for this company.

The purpose of this new product is to offer property and time element coverage specific to health care types of risks consisting of among other things hospitals and health care facilities. The two endorsements provide options whereby policyholders will be allowed to select how they desire a business interruption loss to be settled. There is no change in rates.

Affiliated FM Insurance Company specializes in insuring large and complex commercial and industrial accounts for property insurance. This filing will allow policyholders more choices in selecting which coverages are to be chosen for our filed and approved ProVision policy series.

AFFILIATED FM INSURANCE COMPANY  
Filing AFF-2008-62  
Explanatory Memorandum

This Explanatory filing memorandum is provided for informational purposes only. It does not modify, limit or enlarge insurance policy provisions. The actual rights and responsibilities of the insurer and the Insured are contained in the policy's terms and conditions.

Affiliated FM Insurance Company is introducing a new Healthcare Form as a commercial property insurance product with four optional business interruption endorsements and an extension of the declarations page. This will serve as an addition to the ProVision Commercial Property Insurance Program already on file for this company.

Healthcare Form All Risk Property Coverage PRO AR HC 3100 (12/08)

This policy form is designed to offer the Insured a choice of property coverage specific to health care types of risks. Throughout the form there have been editorial changes in the paragraph numbering for consistency.

**B. PROPERTY INSURED**

Page 1

B. 1. Added h), i), and j) to delineate coverages that are included but might be of a unique nature to the health care facility. There is no change in coverage.

Page 2

B. 2. Added medical, diagnostic equipment, supplies, donated personal property, research and outside property as well as property of directors. The delineation of these items is to identify specific types of property of greater interest to the health care policyholder. There is no change in coverage.

**C. ADDITIONAL COVERAGE**

Pages 2-4

C. 1.-6. Changed the words "this extension" to "this additional coverage". There is no change in coverage.

Page 4

C. 6. Added Decontamination Costs as a basic coverage. This is a broadening of coverage.

**D. EXTENSIONS OF COVERAGE**

Page 7

D. 9. Added Mobile Medical and Mobile Diagnostic Equipment as a Floater item within the policy. Also added such things and supplies off site and property at exhibitions. This highlights coverage afforded. There is no change in coverage.

## Page 11

D. 17. Changed the words “this extension” to “this additional coverage”. There is no change in coverage. Numerical references were changed for more exactness in the contract. No change in coverage.

D. 19. Added coverage for Prizes and Giveaways. This is a broadening.

## Page 12

D. 20. Changed wording to include for Off Premises Service Interruption – Property Damage “accidental event” vs. “direct physical loss or damage”. This is a broadening.

D. 21. Changed the words “this coverage” to “this extension”. There is no change in coverage.

## Page 14

D. 26. Deleted “of coverage” as superfluous. There is no change in coverage.

D. 27. Added Patients’ Personal Property coverage. This is a broadening.

## Pages 15-16

D. 28-31 Added a series of coverages: Interruption by Communicable Disease, Change in Temperature, Mobile Medical and Mobile Diagnostic Equipment Floater and Defense Costs for Property of Others. These are a broadening of coverage.

## **E. PROPERTY EXCLUDED**

### Page 16

E. 7. and 11. The patients’ motor vehicles exclusion is a clarification. When we add patients’ personal property that we intend to cover, we do not intend to cover the patients’ motor vehicles. This wording is a clarification. Similarly, we added the exclusion for mobile and medical diagnostic equipment which is not at a location as a clarification for when we add coverage for mobile and medical diagnostic equipment which is covered only when at a location.

## **F. PERILS EXCLUDED**

### Pages 17-18

F. 1. b); f); 4. d. Numerical references were changed for more exactness in the contract. No change in coverage.

### Page 19

Group II, 4. Exceptions in coverage are made for the “change in temperature exclusion” for the granting of coverage on Page 4. D. 29. This is a clarification.

## **G. GENERAL PROVISIONS**

### Pages 23 -26

Various numerical references and some grammatical items were changed to be more consistent in overall the numbering methodology. No change in coverage.

## **H. DEFINITIONS**

### Page 29

H. Flood. The words “natural or man-made” were added for clarification. There is no change in coverage.

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## **E. SUB-LIMITS**

### Page 1

3. Changed “The” to “This” a grammatical change.

## **F. EXTENSIONS OF COVERAGE (EOC) SUB-LIMITS**

### Page 2

9. Deleted North America and separated the amount of limits for A. Unnamed Locations and B. Unnamed Locations Worldwide. This allows for a broadening.

12. Added “limit” for Library Books – a grammatical change.

19. Added Prizes and Giveaways. This is a broadening.

26. Under Research and Development added space for a separate limit for A. Research Animals and B. Research Experiments.

27. Changed Personal Property for Students and Teachers to Patients. This is more applicable to health care facilities.

28. Added Interruption by Communicable Disease. This is a broadening.

29. Added Change in Temperature. This is a broadening.

30. Under Mobile Medical and Mobile Diagnostic Equipment Floater added space for a separate limit for A. Personal Property and B. Business Interruption. This is a broadening.

31. Added Defense Costs for Property of Others. This is a broadening.

### Business Interruption – Extensions of Coverage Sub-Limits

H. Added Contractual Penalties. This is a broadening.

I. Added Fund Raising Expense. This is a broadening.

J. Added Professional Employee Replacement Expense. This is a broadening.

K. Added Patient and Tenant Relocation Expense. This is a broadening.

L. Made limit for emergency Vacating Expense and annual aggregate. This is a clarification.

Healthcare Form Business Interruption Endorsement Gross Earnings / Rents / Extra Expense PRO GE-EE HC 3200 (12/08)

This business interruption endorsement is designed to offer the Insured a choice of Gross Earnings coverage specific to health care types of risks. There have been editorial changes and some paragraph re-numbering for consistency.

Page 1

### **1. COVERAGE PROVIDED**

The last paragraph was added requiring the Insured to demonstrate a loss of sales. This is an explicit expression of what was previously implied as a requirement for recovery.

### **3. PERIOD OF INTERRUPTION:**

A. Tuition Fees coverage was deleted as it does not pertain to health care coverage.

Page 3

### **5. EXTENSIONS OF COVERAGE**

Introductory wording adds reference to new coverage paragraphs H., I., J., K. and M.

C. Off Premises Service Interruption – changed “a direct result of direct physical loss or damage” to “by reason of any accidental event”. This is a broadening.

Pages 4-8

Added new coverage for: H. Contractual Penalties; I. Fund Raising Expense; J. Professional Employee Replacement Expense; K. Patient and Tenant Relocation Expense; and M. Extended Period of Indemnity. These are broadenings of coverage.

In L. Emergency Vacating Expense changed “authorized governmental agency or other similar authority” to civil authority for clarity. Also changed “insured by this policy that threatens immediately impending physical danger or loss of life to such residents, tenants, or lawful occupants” to “of the type insured by this policy.” No change in coverage.

Page 8

### **7. DEFINITIONS**

The Gross Earnings definition deleted the manufacturing operation wording and replaced it with “lost during the period of interruption”. This change is reflective of health care coverage.

Healthcare Form Business Interruption Endorsement / Gross Profit / Rents / Extra Expense PRO GP-EE HC 3240 (12/08)

This business interruption endorsement is designed to offer the Insured a choice of Gross Profit coverage specific to health care types of risks. There have been editorial changes in some of the paragraph numbering for consistency.

Throughout the form “Increased Cost of Working” was replaced by “Expense to Reduce Loss” because it means the same things by definition in the Definitions section. This is a grammatical/usage change with no change in coverage.

Page 2

### **3. PERIOD OF INDEMNITY**

A. Tuition Fees coverage was deleted as it does not pertain to health care coverage.

Page 3

### **5. EXTENSIONS OF COVERAGE**

Introductory wording adds reference to new coverage paragraphs H., I., J. and K.

C. Off Premises Service Interruption – changed “a direct result of direct physical loss or damage” to “by reason of any accidental event”. This is a broadening.

Pages 4 -6

Added new coverage for: H. Contractual Penalties; I. Fund Raising Expense; J. Professional Employee Replacement Expense; K. Patient and Tenant Relocation Expense. These are broadenings of coverage.

L. Emergency Vacating Expense changed “authorized governmental agency or other similar authority” to “civil authority” for clarity. Also changed “insured by this policy that threatens immediately impending physical danger or loss of life to such residents, tenants, or lawful occupants” to “of the type insured by this policy.” No change in coverage.

Page 6

### **6. EXCLUSIONS**

B. 3. Changed additional “**increased cost of working**” to “**extra expense**”. This is more appropriate to health care coverage. Neutral affect.

### **7. DEFINITIONS**

Replaced **Increase Cost of Working** with **Expense to Reduce Loss** a grammatical /usage change. In the Gross Earnings definition we deleted the manufacturing operation wording and replaced it with “lost during the period of interruption”. This change is reflective of health care coverage.

Deleted Tuition and Fees coverage as it does not apply to health care.

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<p><b><u>A. PERILS INSURED</u></b></p> <p>This policy insures against all risks of direct physical loss or damage to insured property except as excluded under this policy.</p>	<p><b><u>A. PERILS INSURED</u></b></p> <p>This policy insures against all risks of direct physical loss or damage to insured property except as excluded under this policy.</p>
<p><b><u>B. PROPERTY INSURED</u></b></p> <p>This policy insures the following property, if shown in the declarations section, at or within 1,000 feet of a <b>described location</b>, unless excluded, that the insured:</p> <ul style="list-style-type: none"> <li>I. Owns;</li> <li>II. Operates;</li> <li>III. Controls; or</li> <li>IV. Is under the obligation to insure for direct physical loss or damage, to the extent of such obligation.</li> </ul>	<p><b><u>B. PROPERTY INSURED</u></b></p> <p>This policy insures the following property, if shown in the declarations section, at or within 1,000 feet of a <b>described location</b>, unless excluded, that the insured:</p> <ul style="list-style-type: none"> <li>I. Owns;</li> <li>II. Operates;</li> <li>III. Controls; or</li> <li>IV. Is under the obligation to insure for direct physical loss or damage, to the extent of such obligation.</li> </ul>
<p><b><u>1. Real Property</u></b></p> <p>If this policy insures real property it includes:</p> <ul style="list-style-type: none"> <li>a) New construction;</li> <li>b) Additions under construction;</li> <li>c) Alterations and repairs to buildings or structures;</li> <li>d) Materials, equipment and supplies for new construction, additions, buildings or structures;</li> <li>e) Temporary structures;</li> <li>f) Machinery, equipment, and fixtures that are permanently attached to the building;</li> <li>g) Personal property that is used to maintain or service the building;</li> <li>h) <del>Underground</del> Pipes, Tanks, Flues and Drains;</li> </ul> <p>All if not covered by other insurance. This policy also covers contractors' interests in a) through h) above to the extent that the Insured has agreed, prior to loss, to</p>	<p><b><u>1. Real Property</u></b></p> <p>If this policy insures real property it includes:</p> <ul style="list-style-type: none"> <li>a) New construction;</li> <li>b) Additions under construction;</li> <li>c) Alterations and repairs to buildings or structures;</li> <li>d) Materials, equipment and supplies for new construction, additions, buildings or structures;</li> <li>e) Temporary structures;</li> <li>f) Machinery, equipment, and fixtures that are permanently attached to the building;</li> <li>g) Personal property that is used to maintain or service the building;</li> <li>h) <u>Above and below ground</u> pipes, tanks, flues and drains;</li> <li>i) <u>Buildings or structures donated to the Insured;</u></li> <li>j) <u>Helipads and associated attached equipment.</u></li> </ul> <p>All if not covered by other insurance. This policy also covers contractors' interests in a) through j) above to the extent that the Insured has agreed, prior to loss, to keep</p>

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<p>keep such interests insured.</p>	<p>such interests insured.</p>
<p><b>2. Personal Property</b></p> <p>If this policy insures personal property, it includes:</p> <ul style="list-style-type: none"> <li>a) Machinery and Equipment;</li> <li>b) <b>Raw materials</b> and Stock;</li> <li>c) Furniture and Fixtures;</li> <li>d) <b>Electronic Data Processing equipment;</b></li> <li>e) <b>Processing water;</b></li> <li>f) <del>Molds and Dies;</del></li> <li>g) Property <del>in the yard;</del></li> <li>h) Improvements and Betterments in which the Insured has an insurable interest;</li> <li>i) Personal property of officers and employees of the Insured, while at a <b>described location;</b></li> <li>j) The Insured's interest in and legal liability for property of others, while at a <b>described location.</b></li> </ul>	<p><b>2. Personal Property</b></p> <p>If this policy insures personal property, it includes:</p> <ul style="list-style-type: none"> <li>a) Machinery and Equipment <u>including medical and diagnostic equipment;</u></li> <li>b) Stock, <u>supplies</u> and <b>raw materials;</b></li> <li>c) Furniture and Fixtures;</li> <li>d) <b>Electronic Data Processing equipment;</b></li> <li>e) <u>Personal property donated to the Insured;</u></li> <li>f) <b>Processing water;</b></li> <li>g) <u>Research Property;</u></li> <li>h) <u>Outside</u> property;</li> <li>i) Improvements and Betterments in which the Insured has an insurable interest;</li> <li>j) Personal property of <u>directors</u> officers and employees of the Insured, while at a <b>described location;</b></li> <li>k) The Insured's interest in and legal liability for property of others, while at a <b>described location.</b></li> </ul>

**Pages 1 – 2**

**Explanation:** To Real Property was added a clarification for pipes both above and also below ground. This is not a change per se but makes the coverage more apparent. With the addition of buildings and structures donated to the Insured and helipads, this again is to make it more apparent that coverage is provided. The addition of "directors" clarifies the coverage intent in case a director was not an officer. These changes are modifications however, the coverage is the same.

<p><b><u>C. ADDITIONAL COVERAGE</u></b></p>	<p><b><u>C. ADDITIONAL COVERAGE</u></b></p>
<p><b>1. Earth Movement:</b></p> <ul style="list-style-type: none"> <li>a) This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from <b>earth movement.</b></li> </ul> <p>Liability for such loss or damage by <b>earth movement</b> will not exceed the annual aggregate sub-limit as specified in the declarations section in any one policy</p>	<p><b>1. Earth Movement:</b></p> <ul style="list-style-type: none"> <li>a) This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from <b>earth movement.</b></li> </ul> <p>Liability for such loss or damage by <b>earth movement</b> will not exceed the annual aggregate sub-limit as specified in the declarations section in any one policy year. This policy</p>

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year. This policy does not pay for **earth movement** commencing before the effective or after the expiration date and time of this policy.

**b)** This coverage does not apply to:

- 1) Unnamed Locations; and
- 2) Errors and Omissions.

Coverage provided by this ~~extension~~ is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

**2. Flood:**

**a)** This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from **flood**.

Liability for such loss or damage by **flood** will not exceed the annual aggregate sub-limit as specified in the declarations section in any one policy year. This policy does not pay for **flood** commencing before the effective or after the expiration date and time of this policy.

**b)** This coverage does not apply to:

- 1) Unnamed locations; and
- 2) Errors and omissions.

Coverage provided by this ~~extension~~ is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

**3. Debris Removal:**

This policy covers the reasonable and necessary expense of removal of debris from a **location** remaining as the direct result of direct physical loss or damage insured by this policy to insured property.

There is no coverage for the expense of removing or disposing of:

- a)** Contaminated uninsured property; or
- b)** The contaminant in or on uninsured property;

Whether or not the contamination resulted from direct physical loss or damage insured by this

does not pay for **earth movement** commencing before the effective or after the expiration date and time of this policy.

**b)** This coverage does not apply to:

- 1) Unnamed Locations; and
- 2) Errors and Omissions.

Coverage provided by this additional coverage is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

**2. Flood:**

**a)** This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from **flood**.

Liability for such loss or damage by **flood** will not exceed the annual aggregate sub-limit as specified in the declarations section in any one policy year. This policy does not pay for **flood** commencing before the effective or after the expiration date and time of this policy.

**b)** This coverage does not apply to:

- 1) Unnamed locations; and
- 2) Errors and omissions.

Coverage provided by this additional coverage is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

**3. Debris Removal:**

This policy covers the reasonable and necessary expense of removal of debris from a **location** remaining as the direct result of direct physical loss or damage insured by this policy to insured property.

There is no coverage for the expense of removing or disposing of:

- a)** Contaminated uninsured property; or
- b)** The contaminant in or on uninsured property;

Whether or not the contamination resulted from direct physical loss or damage insured by this policy. This

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<p>policy. This <del>Additional Coverage</del> covers expense to remove, dispose of or clean up the actual but not the suspected presence of <b>contaminant(s)</b>.</p>	<p>additional coverage covers expense to remove, dispose of or clean up the actual but not the suspected presence of <b>contaminant(s)</b>.</p>
<p><b>4. Property Removed From Described Locations:</b></p> <p>This policy covers insured property when removed from a <b>location</b> in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.</p> <p>This coverage does not include property covered by other insurance.</p> <p>This coverage applies for a period:</p> <p>a) Of 120 days from the date of removal; but</p> <p>b) Not beyond the termination or expiration date of this policy.</p>	<p><b>4. Property Removed From Described Locations:</b></p> <p>This policy covers insured property when removed from a <b>location</b> in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.</p> <p>This <u>additional</u> coverage does not include property covered by other insurance.</p> <p>This coverage applies for a period:</p> <p>a) Of 120 days from the date of removal; but</p> <p>b) Not beyond the termination or expiration date of this policy.</p>
<p><b>5. Protection and Preservation of Property:</b></p> <p>This policy covers the reasonable and necessary costs incurred to temporarily protect or preserve insured property, at a <b>location</b>, in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.</p> <p>This coverage does not cover costs incurred to temporarily protect or preserve property to avoid or prevent immediately impending physical loss or damage covered by Section D., Extensions of Coverage, Item 17. <b>Terrorism</b>.</p>	<p><b>5. Protection and Preservation of Property:</b></p> <p>This policy covers the reasonable and necessary costs incurred to temporarily protect or preserve insured property, at a <b>location</b>, in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.</p> <p>This <u>additional</u> coverage does not cover costs incurred to temporarily protect or preserve property to avoid or prevent immediately impending physical loss or damage covered by Section D., Extensions of Coverage, Item 17. <b>Terrorism</b>.</p>

**Pages 2 - 4**

**Explanation:** Several grammatical changes. No Change in coverage.

	<p><b><u>6. Decontamination Costs:</u></b></p> <p><u>If insured property is contaminated as a direct result of direct physical damage insured by this policy and there is in force at the time of the loss any law or ordinance regulating contamination due to the actual but not the suspected presence of contaminant(s), then this policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated insured property in a manner to satisfy such law or ordinance. This additional coverage applies only to that part of insured property so contaminated due to the actual but not the suspected presence of contaminant(s) as</u></p>
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	<p><u>a direct result of direct physical loss or damage insured by this policy.</u></p> <p><u>There is no coverage for the expense of removing or disposing of:</u></p> <p><u>a) Contaminated uninsured property; or</u></p> <p><u>b) The <b>contaminant</b> in or on uninsured property;</u></p> <p><u>Whether or not the <b>contamination</b> results from direct physical loss or damage insured by this policy.</u></p>
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<b>Page 4</b>
<b>Explanation:</b> Added decontamination costs which is a broadening.

<p><b><u>D. EXTENSIONS OF COVERAGE</u></b></p> <p>The following coverages apply, subject to the terms and conditions of this policy, and to the extent shown in the declarations section.</p> <p><b>1. Fire Fighting Materials and Expenses:</b></p> <p>This policy is extended to cover expenses:</p> <p>a) Incurred by the Insured to replace fire extinguishing materials:</p> <p>1) Lost;</p> <p>2) Expended; or</p> <p>3) Destroyed.</p> <p>and</p> <p>b) For fire-fighting expenses incurred by or imposed upon the Insured in connection with insured property.</p> <p>There will be no coverage for charges incurred for false alarm.</p>	<p><b><u>D. EXTENSIONS OF COVERAGE</u></b></p> <p>The following coverages apply, subject to the terms and conditions of this policy, and to the extent shown in the declarations section.</p> <p><b>1. Fire Fighting Materials and Expenses:</b></p> <p>This policy is extended to cover expenses:</p> <p>a) Incurred by the Insured to replace fire extinguishing materials:</p> <p>1) Lost;</p> <p>2) Expended; or</p> <p>3) Destroyed.</p> <p>and</p> <p>b) For fire-fighting expenses incurred by or imposed upon the Insured in connection with insured property.</p> <p>There will be no coverage for charges incurred for false alarm.</p>
<p><b>2. Professional Fees:</b></p> <p>This policy is extended to cover the reasonable fees paid to:</p> <p>a) Auditors;</p>	<p><b>2. Professional Fees:</b></p> <p>This policy is extended to cover the reasonable fees paid to:</p> <p>a) Auditors;</p>

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<p>b) Accountants;</p> <p>c) Architects;</p> <p>d) Engineers; or</p> <p>e) Other professionals;</p> <p>For producing and certifying particulars or details of the Insured's business in order to determine the amount of loss payable under this policy.</p> <p>There will be no coverage for the expenses of:</p> <p>a) Attorneys.</p> <p>b) Public adjusters, loss appraisers, loss consultants or any of their subsidiaries or associated entities.</p> <p>c) The Insured's own employees.</p>	<p>b) Accountants;</p> <p>c) Architects;</p> <p>d) Engineers; or</p> <p>e) Other professionals;</p> <p>For producing and certifying particulars or details of the Insured's business in order to determine the amount of loss payable under this policy.</p> <p>There will be no coverage for the expenses of:</p> <p>a) Attorneys.</p> <p>b) Public adjusters, loss appraisers, loss consultants or any of their subsidiaries or associated entities.</p> <p>c) The Insured's own employees.</p>
<p><b>3. Expediting Expenses:</b></p> <p>a) This policy is extended to cover Expediting Expenses which are the reasonable and necessary costs to;</p> <p>1) Make temporary repairs to, or</p> <p>2) Expedite the permanent repair or replacement of;</p> <p>Insured property that has sustained direct physical loss or damage insured by this policy.</p> <p>b) Expediting Expenses do not include:</p> <p>1) Expenses payable elsewhere in the policy, or</p> <p>2) The cost of permanent repair or replacement.</p>	<p><b>3. Expediting Expenses:</b></p> <p>a) This policy is extended to cover Expediting Expenses which are the reasonable and necessary costs to;</p> <p>1) Make temporary repairs to, or</p> <p>2) Expedite the permanent repair or replacement of;</p> <p>Insured property that has sustained direct physical loss or damage insured by this policy.</p> <p>b) Expediting Expenses do not include:</p> <p>1) Expenses payable elsewhere in the policy, or</p> <p>2) The cost of permanent repair or replacement.</p>
<p><b>4. Trees, Shrubs, Plants and Lawns:</b></p> <p>This policy is extended to cover direct physical loss or damage to:</p> <p>a) Trees;</p> <p>b) Shrubs;</p> <p>c) Plants; and</p>	<p><b>4. Trees, Shrubs, Plants and Lawns:</b></p> <p>This policy is extended to cover direct physical loss or damage to:</p> <p>a) Trees;</p> <p>b) Shrubs;</p> <p>c) Plants; and</p>

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<p>d) Lawns;</p> <p>By <b>named perils.</b></p>	<p>d) Lawns;</p> <p>By <b>named perils.</b></p>
<p><b>5. Pavements and Roadways:</b></p> <p>This policy is extended to cover direct physical damage to:</p> <p>a) Pavements; and</p> <p>b) Roadways;</p> <p>By <b>named perils.</b></p>	<p><b>5. Pavements and Roadways:</b></p> <p>This policy is extended to cover direct physical damage to:</p> <p>a) Pavements; and</p> <p>b) Roadways;</p> <p>By <b>named perils.</b></p>
<p><b>6. Land and Water Clean Up Expense:</b></p> <p>This policy is extended to cover the reasonable and necessary expense to remove, dispose of or clean up the actual but not the suspected presence of <b>contaminants</b> from land or water at a <b>location</b>, when such land or water is contaminated due to direct physical damage insured by this policy.</p> <p>There will be no coverage unless such expenses are reported to this company within 180 days of the date of direct physical damage.</p>	<p><b>6. Land and Water Clean Up Expense:</b></p> <p>This policy is extended to cover the reasonable and necessary expense to remove, dispose of or clean up the actual but not the suspected presence of <b>contaminants</b> from land or water at a <b>location</b>, when such land or water is contaminated due to direct physical damage insured by this policy.</p> <p>There will be no coverage unless such expenses are reported to this company within 180 days of the date of direct physical damage.</p>
<p><b>7. Installation Floater:</b></p> <p>This policy is extended to cover:</p> <p>a) Materials;</p> <p>b) Equipment;</p> <p>c) Machinery; and</p> <p>d) Supplies;</p> <p>Designated by the Insured for use in construction or installation projects at locations other than <b>described locations.</b></p> <p>Coverage begins at the time covered property arrives at the site of installation and ends when:</p> <p>a) The interest of the Insured ceases;</p> <p>b) The property has been accepted by the owner or purchaser; or</p> <p>c) The policy expires;</p>	<p><b>7. Installation Floater:</b></p> <p>This policy is extended to cover:</p> <p>a) Materials;</p> <p>b) Equipment;</p> <p>c) Machinery; and</p> <p>d) Supplies;</p> <p>Designated by the Insured for use in construction or installation projects at locations other than <b>described locations.</b></p> <p>Coverage begins at the time covered property arrives at the site of installation and ends when:</p> <p>a) The interest of the Insured ceases;</p> <p>b) The property has been accepted by the owner or purchaser; or</p> <p>c) The policy expires;</p>

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<p>Whichever occurs first.</p> <p>Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.</p> <p>The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sublimit for this extension of coverage cannot be combined with any other sub-limits in this policy.</p>	<p>Whichever occurs first.</p> <p>Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.</p> <p>The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sublimit for this extension of coverage cannot be combined with any other sub-limits in this policy.</p>
<p><b>8. Newly Acquired Property:</b></p> <p>This policy is extended to cover property that is newly acquired.</p> <p>This coverage terminates:</p> <ul style="list-style-type: none"> <li>a) When the newly acquired property is reported to this company; or</li> <li>b) 120 days after the date of acquisition; or</li> <li>c) At the termination or expiration of this policy;</li> </ul> <p>Whichever occurs first.</p> <p>There will be no coverage provided under this extension for property while in transit.</p> <p>Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.</p> <p>The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sublimit for this extension of coverage cannot be combined with any other sub-limits in this policy.</p>	<p><b>8. Newly Acquired Property:</b></p> <p>This policy is extended to cover newly acquired property.</p> <p>This coverage terminates:</p> <ul style="list-style-type: none"> <li>a) When the newly acquired property is reported to the company; or</li> <li>b) 120 days after the date of acquisition; or</li> <li>c) At the termination or expiration of this policy;</li> </ul> <p>Whichever first occurs.</p> <p>There will be no coverage provided under this extension for property while in transit.</p> <p>Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; Virgin Islands; and Canada.</p> <p>The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sublimit for this extension of coverage cannot be combined with any other sub-limits in this policy.</p>
<p><b>9. Unnamed Locations:</b></p> <p>This policy is extended to cover insured property:</p> <ul style="list-style-type: none"> <li>a) At a place other than a <b>described location</b>, a Newly Acquired Property, or an Installation Floater location; and</li> </ul>	<p><b>9. Unnamed Locations:</b></p> <p>This policy is extended to cover insured property:</p> <ul style="list-style-type: none"> <li>a) At a place other than a <b>described location</b>, a Newly Acquired Property, or an Installation Floater location; or a <u>Mobile Medical and Medical Diagnostic</u></li> </ul>

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<p>b) Not otherwise insured, including but not limited to:</p> <ol style="list-style-type: none"> <li>1) <del>Stock</del> Stored Off-Site;</li> <li>2) Property at Exhibitions;</li> <li>3) Salespersons Samples; or</li> <li>4) Office, Manufacturing and Other Equipment Off-Site.</li> </ol> <p>There will be no coverage provided under this extension for property in transit.</p> <p>The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.</p>	<p><u>Equipment Floater</u>; and</p> <p>b) Not otherwise insured,</p> <p>Including but not limited to:</p> <ol style="list-style-type: none"> <li>1) <u>Medical and diagnostic equipment, and supplies</u> off-site;</li> <li>2) Office, manufacturing and other equipment off-site.</li> <li>3) Property at Exhibitions; or</li> <li>4) Salespersons samples.</li> </ol> <p>There will be no coverage provided under this extension for property in transit.</p> <p>The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.</p>
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**Pages 4- 7**

**Explanation:** Added wording to highlight mobile medical and medical diagnostic equipment and supplies. No change in coverage.

<p><b>10. Fine Arts:</b></p> <p>This policy is extended to cover <b>fine arts</b> at a <b>location</b>.</p> <p>There will be no coverage for:</p> <ol style="list-style-type: none"> <li>a) Breakage of any <b>fine arts</b> unless the breakage results from a <b>named peril</b>.</li> <li>b) Loss or damage to any <b>fine arts</b> as a result of restoring, repairing or retouching processes.</li> </ol>	<p><b>10. Fine Arts:</b></p> <p>This policy is extended to cover <b>fine arts</b> at a <b>location</b>.</p> <p>There will be no coverage for:</p> <ol style="list-style-type: none"> <li>a) Breakage of any <b>fine arts</b> unless the breakage results from a <b>named peril</b>.</li> <li>b) Loss or damage to any <b>fine arts</b> as a result of restoring, repairing or retouching processes.</li> </ol>
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<p><b>11. Accounts Receivable</b></p> <p>This policy is extended to cover amounts due the Insured from customers, which the Insured is unable to collect, as a result of direct physical loss or damage insured by this policy to accounts receivable records.</p> <p>Coverage includes:</p> <ul style="list-style-type: none"> <li>a) Interest charges on any loan to offset impaired collections pending repayment of sums that can not be collected.</li> <li>b) Collection expenses in excess of normal collection costs.</li> <li>c) Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.</li> </ul>	<p><b>11. Accounts Receivable</b></p> <p>This policy is extended to cover amounts due the Insured from customers, which the Insured is unable to collect, as a result of direct physical loss or damage insured by this policy to accounts receivable records.</p> <p>Coverage includes:</p> <ul style="list-style-type: none"> <li>a) Interest charges on any loan to offset impaired collections pending repayment of sums that can not be collected.</li> <li>b) Collection expenses in excess of normal collection costs.</li> <li>c) Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.</li> </ul>
<p><b>12. Valuable Papers and Records:</b></p> <ul style="list-style-type: none"> <li>a) This policy is extended to cover <b>valuable papers and records</b>; including</li> <li>b) Library books, periodicals, and rare books.</li> </ul>	<p><b>12. Valuable Papers and Records:</b></p> <ul style="list-style-type: none"> <li>a) This policy is extended to cover <b>valuable papers and records</b>; including</li> <li>b) Library books, periodicals, and rare books.</li> </ul>
<p><b>13. Electronic Data Processing (EDP) Media and Data:</b></p> <p>This policy is extended to cover:</p> <ul style="list-style-type: none"> <li>a) <b>EDP media</b>; and</li> <li>b) <b>EDP data</b>;</li> </ul>	<p><b>13. Electronic Data Processing (EDP) Media and Data:</b></p> <p>This policy is extended to cover:</p> <ul style="list-style-type: none"> <li>a) <b>EDP media</b>; and</li> <li>b) <b>EDP data</b>;</li> </ul>
<p><b>14. Demolition and Increased Cost of Construction:</b></p> <ul style="list-style-type: none"> <li>a) This policy is extended to cover the following when incurred by the Insured as a direct result of enforcement of a law or ordinance, when the law or ordinance:           <ul style="list-style-type: none"> <li>1) Regulates the demolition, construction, repair, replacement or use of buildings or structures;</li> <li>2) Is enforced as a direct result of direct physical loss or damage insured by this policy at a <b>location</b>; and</li> <li>3) Is in force at the time of such loss or damage.</li> </ul> </li> <li>b) Coverage is provided for:</li> </ul>	<p><b>14. Demolition and Increased Cost of Construction:</b></p> <ul style="list-style-type: none"> <li>a) This policy is extended to cover the following when incurred by the Insured as a direct result of enforcement of a law or ordinance, when the law or ordinance:           <ul style="list-style-type: none"> <li>1) Regulates the demolition, construction, repair, replacement or use of buildings or structures;</li> <li>2) Is enforced as a direct result of direct physical loss or damage insured by this policy at a <b>location</b>; and</li> <li>3) Is in force at the time of such loss or damage.</li> </ul> </li> <li>b) Coverage is provided for:</li> </ul>

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<p><b>Item A:</b> The reasonable and necessary cost to replace, with materials of like kind and quality, the physically undamaged portions of the insured buildings or structures when those portions are demolished;</p> <p><b>Item B:</b> The reasonable and necessary cost to demolish and clear any physically undamaged portions of the insured buildings or structures;</p> <p><b>Item C:</b> The reasonable and necessary cost to actually rebuild the physically damaged and the undamaged portion, whether or not demolition is required, of such insured buildings or structures with materials and in a manner to comply with the minimum requirements of the law or ordinance;</p> <p><b>Item D:</b> The <b>Business Interruption</b> (if covered) loss during the additional time required for making the changes to the building or structures in coverage A, B and C above.</p> <p>c) There will be no coverage for:</p> <ol style="list-style-type: none"> <li>1) Any cost incurred as a direct or indirect result of enforcement of any law or ordinance regulating any form of <b>contamination</b>, or <b>fungus</b>, <b>mold</b> or <b>mildew</b>.</li> <li>2) Any cost incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the time of the insured direct physical loss or damage.</li> <li>3) Vacant or Unoccupied Locations subject to the terms and conditions in Section G., General Conditions, Item 7.</li> </ol>	<p><b>Item A:</b> The reasonable and necessary cost to replace, with materials of like kind and quality, the physically undamaged portions of the insured buildings or structures when those portions are demolished;</p> <p><b>Item B:</b> The reasonable and necessary cost to demolish and clear any physically undamaged portions of the insured buildings or structures;</p> <p><b>Item C:</b> The reasonable and necessary cost to actually rebuild the physically damaged and the undamaged portion, whether or not demolition is required, of such insured buildings or structures with materials and in a manner to comply with the minimum requirements of the law or ordinance;</p> <p><b>Item D:</b> The <b>Business Interruption</b> (if covered) loss during the additional time required for making the changes to the building or structures in coverage A, B and C above.</p> <p>c) There will be no coverage for:</p> <ol style="list-style-type: none"> <li>1) Any cost incurred as a direct or indirect result of enforcement of any law or ordinance regulating any form of <b>contamination</b>, or <b>fungus</b>, <b>mold</b> or <b>mildew</b>.</li> <li>2) Any cost incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the time of the insured direct physical loss or damage.</li> <li>3) Vacant or Unoccupied Locations subject to the terms and conditions in Section G., General Conditions, Item 7.</li> </ol>
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**Pages 7 - 9**

**Explanation:** No change in coverage.

<p><b>15. Errors and Omissions:</b></p> <p>This policy is extended to cover direct physical loss or damage that would not be payable solely because of an error or unintentional omission:</p> <ol style="list-style-type: none"> <li>a) In the description or address of a property, insured by this policy, which existed: at the inception date of this policy; or in any subsequent amendments to this policy.</li> </ol>	<p><b>15. Errors and Omissions:</b></p> <p>This policy is extended to cover direct physical loss or damage that would not be payable solely because of an error or unintentional omission:</p> <ol style="list-style-type: none"> <li>a) In the description or address of a property, insured by this policy, which existed: at the inception date of this policy; or in any subsequent amendments to this policy.</li> </ol>
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<p><b>b) Through failure to include any location:</b></p> <ul style="list-style-type: none"> <li>1) Owned;</li> <li>2) Occupied; or</li> <li>3) Newly acquired;</li> </ul> <p>By the Insured at the inception date or during the term of this policy.</p> <p><b>c) Which results in cancellation of insured property under this policy.</b></p> <p>Coverage applies to the extent this policy would have provided coverage, had the error or unintentional omission not been made.</p> <p>There will be no coverage:</p> <ul style="list-style-type: none"> <li><b>a) If coverage is found in whole or in part elsewhere in this policy.</b></li> <li><b>b) Due to any error or unintentional omission in the declaration of values, or in the description of the type of coverage or property.</b></li> </ul> <p>Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.</p>	<p><b>b) Through failure to include any location:</b></p> <ul style="list-style-type: none"> <li>1) Owned;</li> <li>2) Occupied; or</li> <li>3) Newly acquired;</li> </ul> <p>By the Insured at the inception date or during the term of this policy.</p> <p><b>c) Which results in cancellation of insured property under this policy.</b></p> <p>Coverage applies to the extent this policy would have provided coverage, had the error or unintentional omission not been made.</p> <p>There will be no coverage:</p> <ul style="list-style-type: none"> <li><b>a) If coverage is found in whole or in part elsewhere in this policy.</b></li> <li><b>b) Due to any error or unintentional omission in the declaration of values, or in the description of the type of coverage or property.</b></li> </ul> <p>Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.</p>
<p><b>16. Transit:</b></p> <ul style="list-style-type: none"> <li><b>a) This policy is extended to cover the following personal property, not otherwise excluded, while in transit within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada:</b></li> </ul> <ul style="list-style-type: none"> <li>1) Personal property owned by the Insured.</li> <li>2) Personal property of others to the extent of the Insured's interest or legal liability while in the actual or constructive custody of the Insured.</li> <li>3) Personal property shipped to others on Free on Board (FOB), Cost and Freight (C&amp;F), or similar terms. The Insured's contingent interest in such shipments is admitted.</li> </ul> <p><b>b) This extension includes:</b></p> <ul style="list-style-type: none"> <li>1) Direct physical loss or damage to insured property occasioned by:</li> </ul>	<p><b>16. Transit:</b></p> <ul style="list-style-type: none"> <li><b>a) This policy is extended to cover the following personal property, not otherwise excluded, while in transit within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada:</b></li> </ul> <ul style="list-style-type: none"> <li>1) Personal property owned by the Insured.</li> <li>2) Personal property of others to the extent of the Insured's interest or legal liability while in the actual or constructive custody of the Insured.</li> <li>3) Personal property shipped to others on Free on Board (FOB), Cost and Freight (C&amp;F), or similar terms. The Insured's contingent interest in such shipments is admitted.</li> </ul> <p><b>b) This extension includes:</b></p> <ul style="list-style-type: none"> <li>1) Direct physical loss or damage to insured property occasioned by:</li> </ul>

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<p>(a) Acceptance of fraudulent bills-of-lading, shipping or messenger receipts by the Insured, Insured's agent, customer or consignee(s).</p> <p>(b) Any unauthorized person(s) representing themselves to be the proper party(ies) to receive the property for shipment or to accept it for delivery.</p> <p>2) General average and salvage charges on shipments covered while waterborne.</p> <p>c) There will be no coverage for:</p> <p>1) Property shipped by mail.</p> <p>2) Shipments by air unless made via regularly scheduled airlines.</p> <p>3) Waterborne shipments via the Panama Canal or waterborne shipments to and from:</p> <p>(a) Alaska.</p> <p>(b) Hawaii.</p> <p>(c) Commonwealth of Puerto Rico.</p> <p>(d) Virgin Islands.</p> <p>4) Any transporting vehicle.</p> <p>5) Property excluded elsewhere in this policy.</p> <p>d) Coverage begins:</p> <p>1) From the time the property leaves the original point of shipment for the commencement of transit; and</p> <p>2) Continuously in the due course of transit;</p> <p>Until delivered at destination.</p> <p>e) Additional exclusions, conditions and provisions:</p> <p>1) Coverage is excluded for any consequential loss beyond the direct physical loss or damage to the insured property.</p> <p>2) Coverage is excluded for property insured under any import or export ocean marine insurance. Coverage on export shipments not insured under ocean marine policies does not extend beyond</p>	<p>(a) Acceptance of fraudulent bills-of-lading, shipping or messenger receipts by the Insured, Insured's agent, customer or consignee(s).</p> <p>(b) Any unauthorized person(s) representing themselves to be the proper party(ies) to receive the property for shipment or to accept it for delivery.</p> <p>2) General average and salvage charges on shipments covered while waterborne.</p> <p>c) There will be no coverage for:</p> <p>1) Property shipped by mail.</p> <p>2) Shipments by air unless made via regularly scheduled airlines.</p> <p>3) Waterborne shipments via the Panama Canal or waterborne shipments to and from:</p> <p>(a) Alaska;</p> <p>(b) Hawaii;</p> <p>(c) Commonwealth of Puerto Rico;</p> <p>(d) Virgin Islands.</p> <p>4) Any transporting vehicle.</p> <p>5) Property excluded elsewhere in this policy.</p> <p>d) Coverage begins:</p> <p>1) From the time the property leaves the original point of shipment for the commencement of transit; and</p> <p>2) Continuously in the due course of transit;</p> <p>Until delivered at destination.</p> <p>e. Additional exclusions, conditions and provisions:</p> <p>1) Coverage is excluded for any consequential loss beyond the direct physical loss or damage to the insured property.</p> <p>2) Coverage is excluded for property insured under any import or export ocean marine insurance. Coverage on export shipments not insured under ocean marine policies does not extend beyond the time when the property is loaded on board overseas</p>
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<p>the time when the property is loaded on board overseas vessel or aircraft. Coverage on import shipments not insured under ocean cargo policies does not attach until after discharge from overseas vessel or aircraft.</p> <p>3) Permission is granted to the Insured, without prejudice to this insurance, to accept ordinary bills of lading used by carriers, including:</p> <p style="padding-left: 20px;">(a) Released and/or under valued bills of lading.</p> <p style="padding-left: 20px;">(b) Shipping or messenger receipts.</p> <p>4) The Insured may waive subrogation against railroads under sidetrack agreements.</p> <p>5) The Insured may not enter into any special agreement with carriers releasing them from their common law or statutory liability.</p>	<p>vessel or aircraft. Coverage on import shipments not insured under ocean cargo policies does not attach until after discharge from overseas vessel or aircraft.</p> <p>3) Permission is granted to the Insured, without prejudice to this insurance, to accept ordinary bills of lading used by carriers, including:</p> <p style="padding-left: 20px;">(a) Released and/or under valued bills of lading.</p> <p style="padding-left: 20px;">(b) Shipping or messenger receipts.</p> <p>4) The Insured may waive subrogation against railroads under sidetrack agreements.</p> <p>5) The Insured may not enter into any special agreement with carriers releasing them from their common law or statutory liability.</p>
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**Pages 9 - 11**

**Explanation:** Some grammatical changes were made. No change in coverage.

**17. Terrorism:**

This policy covers direct physical loss or damage to insured property caused by or resulting from **terrorism**, but only at a **described location(s)**.

Any act which satisfies the definition of **terrorism** provided in Section H., Definitions, or in any **terrorism** endorsement to this policy, will not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk which may be covered elsewhere in this policy. Amounts recoverable under this ~~Additional Coverage~~ are excluded from coverage elsewhere in this policy.

If any Business Interruption Endorsement is part of this policy, any coverage provided by any such endorsement or by any extension of such coverage will not apply to any loss resulting from the **actual cash value** portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

This ~~Additional Coverage~~ does not cover loss or damage which also comes within the terms of Section F., Perils Excluded, Group I, Item 2.a., or Section F., Perils Excluded, Group I, Item 2.c.

This ~~Additional Coverage~~ does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event,

**17. Terrorism:**

This policy covers direct physical loss or damage to insured property caused by or resulting from **terrorism**, but only at a **described location(s)**.

Any act which satisfies the definition of **terrorism** provided in Section H., Definitions, or in any **terrorism** endorsement to this policy, will not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk which may be covered elsewhere in this policy. Amounts recoverable under this extension are excluded from coverage elsewhere in this policy.

If any Business Interruption Endorsement is part of this policy, any coverage provided by any such endorsement or by any extension of such coverage will not apply to any loss resulting from the **actual cash value** portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

This extension does not cover loss or damage which also comes within the terms of Section F., Perils Excluded, Group I, Item 2.a), or Section F., Perils Excluded, Group I, Item 2.c).

This extension does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this policy contributing concurrently or

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<p>whether or not insured under this policy contributing concurrently or in any other sequence to the loss:</p> <ul style="list-style-type: none"> <li>a) The use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination or that involves the discharge, explosion, or use of any nuclear device, weapon, or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war, and regardless of who commits the act; or</li> <li>b) The dispersal or application of pathogenic or poisonous biological or chemical materials; or</li> <li>c) The release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the <b>terrorism</b> was to release such materials; or</li> <li>d) Action taken to prevent, defend against, respond to or retaliate against <b>terrorism</b> or suspected <b>terrorism</b>.</li> </ul>	<p>in any other sequence to the loss:</p> <ul style="list-style-type: none"> <li>a) The use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination or that involves the discharge, explosion, or use of any nuclear device, weapon, or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war, and regardless of who commits the act; or</li> <li>b) The dispersal or application of pathogenic or poisonous biological or chemical materials; or</li> <li>c) The release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the <b>terrorism</b> was to release such materials; or</li> <li>d) Action taken to prevent, defend against, respond to or retaliate against <b>terrorism</b> or suspected <b>terrorism</b>.</li> </ul>
<p><b>18. Fungus, Mold or Mildew:</b></p> <p>This policy is extended to cover the direct physical loss or damage to insured property caused by or resulting from <b>fungus, mold or mildew</b>, when <b>fungus, mold or mildew</b> is the direct result of direct physical loss or damage insured by this policy. This coverage includes any cost or expense to clean up, remove, contain, treat, detoxify or neutralize <b>fungus, mold or mildew</b> from insured property resulting from such loss or damage.</p>	<p><b>18. Fungus, Mold or Mildew:</b></p> <p>This policy is extended to cover the direct physical loss or damage to insured property caused by or resulting from <b>fungus, mold or mildew</b>, when <b>fungus, mold or mildew</b> is the direct result of direct physical loss or damage insured by this policy. This coverage includes any cost or expense to clean up, remove, contain, treat, detoxify or neutralize <b>fungus, mold or mildew</b> from insured property resulting from such loss or damage.</p>
<p><b>19. Deferred Payment:</b></p> <p><del>a. This policy is extended to cover the Insured's financial interest in personal property that has been sold by the Insured under: written lease, installment sale, deferred payment, or conditional sales contract, if such property sustains direct physical loss or damage insured by this policy and only to the extent the Insured is unable to collect the unpaid balance of such interest.</del></p> <p>This insurance attaches from the time the property is sold or leased until the Insured's financial interest in it has ceased, or the policy terminates or expires, whichever is first.</p> <p><del>b. The financial interest is limited to the lesser of the following:</del></p> <ul style="list-style-type: none"> <li>1) The total amount of unpaid installments with respect to property described in paragraph a. above;</li> <li>2) The extent of the Insured's financial interest in</li> </ul>	<p><b>19. Prizes and Giveaways:</b></p> <p><u>This policy is extended to cover direct physical loss or damage insured by this policy to real and personal property of the type insured, including motor vehicles and watercraft, that are prizes or giveaways in the Insured's fund raising activities or events.</u></p> <p><u>Section E., Property Excluded Items 7 &amp; 8 are amended as follows:</u></p> <ul style="list-style-type: none"> <li><u>7. Motor vehicles licensed for highway use or owned by officers and employees of the Insured, except motor vehicles that are prizes or giveaways in the Insured's fund raising activities or events.</u></li> <li><u>8. Satellites, aircraft, and watercraft; except if on land, unfueled, manufactured by the Insured, at a location and prior to being sold, but coverage is provided for watercraft that are prizes or giveaways in the Insured's fund raising activities or events.</u></li> </ul>

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<p><del>leased property;</del></p> <p><del>3) The actual cash value of the property at the time any loss or damage occurs; or</del></p> <p><del>4) The cost to repair or replace the property with material of like kind and quality.</del></p> <p><del>Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands and Canada.</del></p>	<p><u>Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.</u></p>
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**Explanation:** There were minor grammatical/numbering changes. Deleted Deferred Payment clause and inserted Prizes and Giveaways clause. One coverage refers to the profit of the business; the other is a new coverage that is more related to health care risks. This may be viewed as broadening of coverage.

<p><b>20. Off-Premises Service Interruption – Property Damage</b></p> <p>This policy is extended to cover physical loss or damage as a direct result of interruption of the following incoming and outgoing services. <del>The loss of such services must be a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy located at the facilities of the service provider(s).</del></p> <p>Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.</p> <p>There will be no coverage for: deliberate act(s) by the supplying utility to shed load to maintain system integrity, <b>business interruption, flood or earth movement</b> whether or not such coverage is provided elsewhere in this policy, and any loss resulting from physical loss or damage to property caused by or resulting from <b>terrorism</b>. Resultant and concurrent interruptions will be considered as one event.</p>	<p><b>20. Off-Premises Service Interruption – Property Damage</b></p> <p>This policy is extended to cover physical loss or damage as a direct result of interruption of the following incoming and outgoing services. <u>The interruption of such services must be by reason of any accidental event at the facilities of the service provider(s) located within this policy's territory.</u></p> <p>Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.</p> <p>There will be no coverage for: deliberate act(s) by the supplying utility to shed load to maintain system integrity, <b>business interruption, flood or earth movement</b> whether or not such coverage is provided elsewhere in this policy, and any loss resulting from physical loss or damage to property caused by or resulting from <b>terrorism</b>. Resultant and concurrent interruptions will be considered as one event.</p>
<p><b>21. Arson or Theft Reward:</b></p> <p>This policy is extended to cover payment of any reward offered on the Insured's behalf for information that leads to conviction of the perpetrator(s) of:</p> <p>a) Arson; or</p> <p>b) Theft;</p> <p>To insured property.</p> <p>This company's total liability for any one occurrence will not exceed the lesser of:</p>	<p><b>21. Arson or Theft Reward:</b></p> <p>This policy is extended to cover payment of any reward offered on the Insured's behalf for information that leads to conviction of the perpetrator(s) of:</p> <p>a) Arson; or</p> <p>b) Theft;</p> <p>To insured property.</p> <p>This company's total liability for any one occurrence will not exceed the lesser of:</p>

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<p>a) The sub-limit of liability shown in the declarations section; or</p> <p>b) Ten Percent (10%) of the direct physical loss or damage to insured property.</p> <p>This company's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.</p> <p>This <del>coverage</del> does not cover payment of any reward offered on the Insureds behalf for information that leads to the conviction of the perpetrators of <b>terrorism</b> whether direct or indirect.</p>	<p>a) The sub-limit of liability shown in the declarations section; or</p> <p>b) Ten Percent (10%) of the direct physical loss or damage to insured property.</p> <p>This company's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.</p> <p>This <u>extension</u> does not cover payment of any reward offered on the Insureds behalf for information that leads to the conviction of the perpetrators of <b>terrorism</b> whether direct or indirect.</p>
<p><b>22. Money and Securities:</b></p> <p>This policy is extended to cover direct physical loss or damage to <b>money</b> and <b>securities</b> by fire, explosion or sprinkler leakage.</p>	<p><b>22. Money and Securities:</b></p> <p>This policy is extended to cover direct physical loss or damage to <b>money</b> and <b>securities</b> by fire, explosion or sprinkler leakage.</p>
<p><b>23. Locks and Keys:</b></p> <p>This policy is extended to cover the reasonable and necessary expense incurred by the Insured for replacing locks and keys by direct physical loss or damage insured by this policy.</p> <p>Coverage includes the actual cost to replace, adjust or reprogram undamaged locks to accept new keys or entry codes.</p>	<p><b>23. Locks and Keys:</b></p> <p>This policy is extended to cover the reasonable and necessary expense incurred by the Insured for replacing locks and keys by direct physical loss or damage insured by this policy.</p> <p>Coverage includes the actual cost to replace, adjust or reprogram undamaged locks to accept new keys or entry codes.</p>
<p><b>24. Tenants Legal Liability and Expense:</b></p> <p>This policy is extended to cover direct physical loss or damage by <b>named perils</b> to that part of buildings of others, including permanently attached building fixtures, leased to and occupied by the Insured at a <b>described location</b> to the extent of the Insured's legal liability for such loss or damage.</p> <p>a) Coverage provided by this extension of coverage includes the following as respects any suit alleging loss or damage to that part of such buildings of others leased to and occupied by the Insured. The following are within and not in addition to the sub-limit of liability:</p> <p>1) Reasonable expenses of defending the Insured against only that part of any suit alleging such physical loss or damage to that part of such buildings of others leased to and occupied by the Insured;</p>	<p><b>24. Tenants Legal Liability and Expense:</b></p> <p>This policy is extended to cover direct physical loss or damage by <b>named perils</b> to that part of buildings of others, including permanently attached building fixtures, leased to and occupied by the Insured at a <b>described location</b> to the extent of the Insured's legal liability for such loss or damage.</p> <p>a) Coverage provided by this extension of coverage includes the following as respects any suit alleging loss or damage to that part of such buildings of others leased to and occupied by the Insured. The following are within and not in addition to the sub-limit of liability:</p> <p>1) Reasonable expenses of defending the Insured against only that part of any suit alleging such physical loss or damage to that part of such buildings of others leased to and occupied by the Insured;</p>

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<p>2) Reasonable expenses incurred by this company, this company's proportionate share of costs taxed against the Insured in any suit, and this company's proportionate share of interest accruing after entry of judgment until this company has paid, tendered or deposited into court its proportionate share of such judgment;</p> <p>3) Reasonable expenses, other than loss of earnings, incurred at this company's request.</p> <p>b) Additional exclusions:</p> <p>This extension does not cover;</p> <p>1) Any loss resulting from physical loss or damage to any property caused by or resulting from <b>terrorism, Flood or Earth Movement</b>;</p> <p>2) Errors and Omissions;</p> <p>3) Any legal liability for loss or damage assumed by the Insured under any contract or agreement, whether oral or written, expressed or implied; and</p> <p>4) That part of any settlement by the Insured to which this company has not given its prior written consent.</p> <p>c) Additional Provisions:</p> <p>1) The specified sub-limit is the maximum amount payable in any one occurrence regardless of the number of <b>locations</b>, coverages or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.</p> <p>2) This company may investigate, negotiate and settle any claim or suit as this company deems expedient and will not be obligated under this coverage for failure to settle for any amount within the remaining sub-limit of liability.</p> <p>3) This company may pay, tender or deposit into court the remaining sub-limit of liability in full satisfaction of its liability under this coverage, and thereby terminate any further liability for any amount in <del>paragraph</del> <b>a.</b> above.</p>	<p>2) Reasonable expenses incurred by this company, this company's proportionate share of costs taxed against the Insured in any suit, and this company's proportionate share of interest accruing after entry of judgment until this company has paid, tendered or deposited into court its proportionate share of such judgment;</p> <p>3) Reasonable expenses, other than loss of earnings, incurred at this company's request.</p> <p>b) Additional exclusions:</p> <p>This extension does not cover;</p> <p>1) Any loss resulting from physical loss or damage to any property caused by or resulting from <b>terrorism, Flood or Earth Movement</b>;</p> <p>2) Errors and Omissions;</p> <p>3) Any legal liability for loss or damage assumed by the Insured under any contract or agreement, whether oral or written, expressed or implied; and</p> <p>4) That part of any settlement by the Insured to which this company has not given its prior written consent.</p> <p>c) Additional Provisions:</p> <p>1) The specified sub-limit is the maximum amount payable in any one occurrence regardless of the number of <b>locations</b>, coverages or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.</p> <p>2) This company may investigate, negotiate and settle any claim or suit as this company deems expedient and will not be obligated under this coverage for failure to settle for any amount within the remaining sub-limit of liability.</p> <p>3) This company may pay, tender or deposit into court the remaining sub-limit of liability in full satisfaction of its liability under this coverage, and thereby terminate any further liability for any amount in <u>item</u> a. above.</p>
<p><b>25. Soft Cost for Property in the Course of Construction/Renovation:</b></p> <p>This policy is extended to cover <b>soft costs</b> as a result of direct physical loss or damage insured by this policy to</p>	<p><b>25. Soft Cost for Property in the Course of Construction/Renovation:</b></p> <p>This policy is extended to cover <b>soft costs</b> as a result of direct physical loss or damage insured by this policy to</p>

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insured property at <b>locations</b> undergoing alterations or additions to existing property and property in the course of construction. This coverage applies from the time of such physical loss or damage until the property is restored to the same degree of completion as existed prior to the physical loss or damage but for no more than 365 consecutive days from the date of such physical loss or damage.	insured property at <b>locations</b> undergoing alterations or additions to existing property and property in the course of construction. This coverage applies from the time of such physical loss or damage until the property is restored to the same degree of completion as existed prior to the physical loss or damage but for no more than 365 consecutive days from the date of such physical loss or damage.
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**Explanation:** There was a change in terminology regarding the Off Premises Power Interruption clause which broadens the trigger from direct physical damage to accidental event. This is a broadening.

**26. Research and Development:**

**a) Research Animals**

This policy is extended to cover

- 1) Direct physical loss or damage insured by this policy at a **described location** to research animals used in the Insured's research and development projects. This coverage applies only if such animals are fatally injured or their destruction is made necessary due to such loss or damage; and
- 2) Project restoration costs.

Project restorations costs will be covered from the time of such physical loss or damage until the research animals are restored to the same degree of completion as existed prior to such physical loss or damage, but for no more than 24 months from the date of such physical loss or damage.

**b) Research Experiments**

This policy is extended to cover

- 1) Direct physical loss or damage insured by this policy at a **described location** to **research experiments**; and
- 2) Project restoration costs.

Project restorations costs will be covered from the time of such physical loss or damage until the **research experiments** are restored to the same degree of completion as existed prior to such physical loss or damage, but for no more than 24 months from the date of such physical loss or damage.

This extension of coverage does not insure against loss or damage caused directly or indirectly by or

**26. Research and Development:**

**a) Research Animals**

This policy is extended to cover

- 1) Direct physical loss or damage insured by this policy at a **described location** to research animals used in the Insured's research and development projects. This coverage applies only if such animals are fatally injured or their destruction is made necessary due to such loss or damage; and
- 2) Project restoration costs.

Project restorations costs will be covered from the time of such physical loss or damage until the research animals are restored to the same degree of completion as existed prior to such physical loss or damage, but for no more than 24 months from the date of such physical loss or damage.

**b) Research Experiments**

This policy is extended to cover

- 1) Direct physical loss or damage insured by this policy at a **described location** to **research experiments**; and
- 2) Project restoration costs.

Project restorations costs will be covered from the time of such physical loss or damage until the **research experiments** are restored to the same degree of completion as existed prior to such physical loss or damage, but for no more than 24 months from the date of such physical loss or damage.

This extension does not insure against loss or damage caused directly or indirectly by or resulting

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<p>resulting from the following, regardless of any other cause or event whether or not insured under this policy that contributes concurrently or in any sequence to the loss:</p> <p>Sickness, disease, infection, infestation, death, destruction, injury, or any medical condition, all from natural causes; escape; failure to provide adequate care, nourishment, medicine or sanitary conditions; errors in testing, experimenting or other work performed; and <b>contamination</b>.</p>	<p>from the following, regardless of any other cause or event whether or not insured under this policy that contributes concurrently or in any sequence to the loss:</p> <p>Sickness, disease, infection, infestation, death, destruction, injury, or any medical condition, all from natural causes; escape; failure to provide adequate care, nourishment, medicine or sanitary conditions; errors in testing, experimenting or other work performed; and <b>contamination</b>.</p>
<p><b><del>27. PERSONAL PROPERTY OF STUDENTS AND TEACHERS</del></b></p> <p><del>This policy is extended to cover the personal property of registered students and teachers employed by the Insured while at a <b>described location</b>.</del></p>	<p><b>27. <u>Patients' Personal Property:</u></b></p> <p><u>This policy is extended to cover direct physical loss or damage of the type insured by this policy to patients' personal property of the type insured while such personal property is at a <b>described location</b>, whether or not such personal property is in the control of the Insured.</u></p>

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**Explanation:** A minor grammatical change was made under Research and Development. No change in coverage. Added coverage for personal property of patients vs. students and teachers since we are dealing with health facilities. This is a broadening of coverage.

	<p><b><u>28. Interruption by Communicable Disease:</u></b></p> <p><u>This policy is extended to cover the reasonable and necessary expenses incurred by the Insured to:</u></p> <p><b><u>a) Clean up, remove, and dispose of communicable diseases from insured property at a <b>described location</b>; and</u></b></p> <p><b><u>b) Restore the premises;</u></b></p> <p><u>In a manner to satisfy the minimum requirements of any law or ordinance regulating communicable diseases.</u></p> <p><u>This policy is also extended to cover <b>business interruption</b> (if provided) loss directly resulting from <b>items a) and b)</b> above.</u></p> <p><u>All coverage above must be directly resulting from access being prohibited to a <b>described location</b> or any portion thereof:</u></p> <p><b><u>a) Due to the actual presence of and the spread of</u></b></p>
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	<p><u>communicable diseases at that <b>described location</b>; and</u></p> <p><b>b) As a direct result of a declaration by a civil authority enforcing any law or ordinance regulating communicable diseases.</b></p> <p><u>For the purpose of this extension, the presence of and the spread of communicable diseases will be considered direct physical damage and the expenses listed in items <b>a)</b> and <b>b)</b> above will be considered expenses to repair such damage.</u></p> <p><u>There will be no coverage to comply with any law or ordinance with which the Insured was required to comply had the direct physical damage not occurred.</u></p>
	<p><b><u>29. Change in Temperature:</u></b></p> <p><u>This policy is extended to cover spoilage of insured medical supplies and foodstuff due to:</u></p> <p><b>a) <u>Dampness or dryness of atmosphere;</u></b></p> <p><b>b) <u>Freezing;</u></b></p> <p><b>c) <u>Changes of temperature; or</u></b></p> <p><b>d) <u>Change in texture;</u></b></p> <p><u>Directly resulting from an accidental event at a <b>described location</b>.</u></p> <p><u>This extension does not apply to research animals.</u></p>
	<p><b><u>30. Mobile Medical and Mobile Diagnostic Equipment Floater:</u></b></p> <p><u>This policy is extended to cover mobile medical equipment, mobile diagnostic equipment, and their associated supplies, including Insured owned and operated licensed vehicles while not at a <b>location</b>, and <b>business interruption</b> (if provided).</u></p> <p><u>This extension covers such property including <b>business interruption</b> (if provided) while in transit within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.</u></p> <p><u>There will be no coverage for:</u></p> <p><b>a) <u>Coverage provided in Section D., Extensions of Coverage, Item 16. Transit</u></b></p>

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	<p>b) <u>Property shipped by mail.</u></p> <p>c) <u>Collision or overturn for the owned and operated licensed vehicles only while such vehicles are being operated under their own power or are being towed (whether or not in motion at the time of loss).</u></p> <p>d) <u>Loss resulting from <b>flood</b> and/or <b>earth movement</b> whether or not such coverage is provided elsewhere.</u></p> <p><u>The specified sub-limit for this extension of coverage is the maximum amount payable in any one occurrence regardless of the number of locations, coverages or extensions of coverage. The sub-limit for this extension of coverage cannot be combined with any other sub-limits in this policy.</u></p>
	<p><b><u>31. Defense Costs for Property of Others:</u></b></p> <p><u>This company will defend that portion of any suit against the Insured that alleges liability and seeks damages for physical loss or damage of the type insured by this policy to personal property of others of the type not excluded by this policy at a <b>described location</b>. This company may, without prejudice, investigate, negotiate and settle any claim or suit as this company deems expedient.</u></p>

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**Explanation:** Added coverage for Interruption for Communicable Disease, Change in Temperature, Mobile Medical and Mobile Diagnostic Equipment and Defense Costs for property of others. These coverages are related to medical type risks. This is a broadening of coverage.

<p><b><u>E. PROPERTY EXCLUDED</u></b></p> <p>This policy does not insure the following property unless coverage is specifically included in Section D., Extensions of Coverage, or elsewhere in this policy:</p> <ol style="list-style-type: none"> <li>1. Land, water, or any substance in or on land, pavement and roadways, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.</li> <li>2. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.</li> <li>3. Docks, piers, and wharves which are not a structural part of the building.</li> <li>4. Furs and fur garments; jewels, jewelry, watches, pearls;</li> </ol>	<p><b><u>E. PROPERTY EXCLUDED</u></b></p> <p>This policy does not insure the following property unless coverage is specifically included in Section D., Extensions of Coverage, or elsewhere in this policy:</p> <ol style="list-style-type: none"> <li>1. Land, water, or any substance in or on land, pavement and roadways, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.</li> <li>2. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.</li> <li>3. Docks, piers, and wharves which are not a structural part of the building.</li> <li>4. Furs and fur garments; jewels, jewelry, watches, pearls;</li> </ol>
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precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys; all for loss caused by theft. This exclusion does not apply to precious metals and precious stones used by the Insured for industrial purposes.	precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys; all for loss caused by theft. This exclusion does not apply to precious metals and precious stones used by the Insured for industrial purposes.
5. Currency, <b>money</b> , notes, <b>securities</b> , accounts, bills, tickets, tokens, evidences of debt.	5. Currency, <b>money</b> , notes, <b>securities</b> , accounts, bills, tickets, tokens, evidences of debt.
6. <b>Electronic data processing media and data, valuable papers and records, and fine arts.</b>	6. <b>Electronic data processing media and data, valuable papers and records, research experiments and fine arts.</b>
7. Motor vehicles licensed for highway use or owned by officers and employees of the Insured.	7. Motor vehicles licensed for highway use or owned by officers, <u>patients</u> and employees of the Insured.
8. Satellites, aircraft, and watercraft; except if on land, unfueled, manufactured by the Insured, at a <b>location</b> and prior to being sold.	8. Satellites, aircraft, and watercraft; except if on land, unfueled, manufactured by the Insured, at a <b>location</b> and prior to being sold.
9. Personal property sold by the Insured under conditional sale, trust agreement, installment payment, or deferred payment plan after delivery to the customer.	9. Personal property sold by the Insured under conditional sale, trust agreement, installment payment, or deferred payment plan after delivery to the customer.
10. Personal property in the custody of the Insured acting as a warehouseman, bailee for hire, or carrier for hire.	10. Personal property in the custody of the Insured acting as a warehouseman, bailee for hire, or carrier for hire.
	11. <u>Mobile medical and mobile diagnostic equipment not at a location.</u>
11. Property while in transit.	<u>12.</u> Property while in transit.

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**Explanation:** Added the exclusion for Mobile Medical and Mobile Diagnostic Equipment which is not at a location as a clarification for when we add coverage for mobile and medical diagnostic equipment which is covered only when at a location. The patients' motor vehicles exclusion is a clarification. When we add patients' personal property that we intend to cover, we do not intend to cover the patients' motor vehicles. This wording is a clarification.

**F. PERILS EXCLUDED**

**GROUP I.** This policy does not insure against loss or damage caused directly or indirectly by or resulting from any of the following. Loss or damage is excluded regardless of any other cause or event whether or not insured under this policy that contributes concurrently or in any sequence to the loss or damage.

1. Nuclear reaction or nuclear radiation or radioactive contamination. However:
  - a) If physical damage by fire or sprinkler leakage results, then only that resulting damage is insured

**F. PERILS EXCLUDED**

**GROUP I.** This policy does not insure against loss or damage caused directly or indirectly by or resulting from any of the following. Loss or damage is excluded regardless of any other cause or event whether or not insured under this policy that contributes concurrently or in any sequence to the loss or damage.

1. Nuclear reaction or nuclear radiation or radioactive contamination. However:
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but not including any loss or damage due to nuclear reaction or nuclear radiation or radioactive contamination.

but not including any loss or damage due to nuclear reaction or nuclear radiation or radioactive contamination.

c) This policy does insure against physical loss or damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted at a **location**, provided that at the time of such loss or damage there is neither a nuclear reactor nor any new or used nuclear fuel at the **location**. Such coverage does not apply to any act, loss or damage excluded in Section F., Perils Excluded, Group I, Item 2 f.

b) This policy does insure against physical loss or damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted at a **location**, provided that at the time of such loss or damage there is neither a nuclear reactor nor any new or used nuclear fuel at the **location**. Such coverage does not apply to any act, loss or damage excluded in Section F., Perils Excluded, Group I, Item 2 f).

This exclusion and the exceptions in 1.a. and b. above do not apply to any act, loss or damage which also comes within the terms of Section F., Perils Excluded, Group I, Item 2.b.

This exclusion and the exceptions in 1.a) and b) above do not apply to any act, loss or damage which also comes within the terms of Section F., Perils Excluded, Group I, Item 2.b).

2. a) Hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending or expected attack by:
- 1) Any government or sovereign power (de jure or de facto);
  - 2) Any military, naval or air forces; or,
  - 3) Any agent or authority of any party specified in 1) or 2) above.

2. a) Hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending or expected attack by:
- 1) Any government or sovereign power (de jure or de facto);
  - 2) Any military, naval or air forces; or,
  - 3) Any agent or authority of any party specified in 1) or 2) above.

b) Discharge, explosion, or use of any nuclear device, weapon, or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war, and regardless of who commits the act.

b) Discharge, explosion, or use of any nuclear device, weapon, or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war, and regardless of who commits the act.

c) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an event.

c) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an event.

d) Seizure or destruction under quarantine or customs regulation, or confiscation by order of government or public authority.

d) Seizure or destruction under quarantine or customs regulation, or confiscation by order of government or public authority.

e) Risks of contraband or illegal transportation or trade.

e) Risks of contraband or illegal transportation or trade.

f) **Terrorism**, including action taken to prevent, defend against, respond to or retaliate against **terrorism** or suspected **terrorism**, except to the extent provided in Section D., Extensions of Coverage, Item 17. **Terrorism**. However, if direct physical loss or damage by fire results from any of these acts (unless committed by or on behalf of the insured), and if the statutory law of the jurisdiction

f) **Terrorism**, including action taken to prevent, defend against, respond to or retaliate against **terrorism** or suspected **terrorism**, except to the extent provided in Section D., Extensions of Coverage, Item 17. **Terrorism**. However, if direct physical loss or damage by fire results from any of these acts (unless committed by or on behalf of the insured), and if the statutory law of the jurisdiction

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in which the physical loss occurs requires coverage for such direct physical loss or damage by fire, then this policy covers only to the extent the **actual cash value** of the resulting direct loss or damage by fire to insured property. This coverage exception for such resulting fire loss or damage does not apply to:

- 1) Direct loss or damage by fire which results from any other applicable exclusion in the policy, including the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
- 3) Any coverage provided in any Business Interruption Endorsement, if any, which may be a part of this policy, or any extension of such coverage, or to any other coverages provided by this policy.

Any act which satisfies the definition of **terrorism** provided in Section H., Definitions, or in any **terrorism** endorsement to this policy will not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage which may be covered elsewhere in this policy.

If any act which satisfies the definition of **terrorism** provided in Section H., Definitions, or in any **terrorism** endorsement to this policy, also comes within the terms of Section F., Perils Excluded, Group I, Item 2.a., then Section F., Perils Excluded, Group I, Item 2.a. applies in place of this exclusion Section F., Perils Excluded, Group I, Item 2.f.

If any act which satisfies the definition of **terrorism** provided in Section H, Definitions, or in any **terrorism** endorsement to this policy, also comes within the terms of Section F. Perils Excluded Group I, Item 2. b. then Section F., Perils excluded, Group I, Item 2. b. applies in place of this exclusion Section F., Perils Excluded, Group I, Item 2.f.

If any act which satisfies the definition of **terrorism** provided in Section H, Definitions, or in any **terrorism** endorsement to this policy, also comes within the terms of Section F. Perils Excluded Group I, Item 2. c. then Section F., Perils excluded, Group I, Item 2. c. applies in place of this exclusion Section F., Perils Excluded, Group I, Item 2.f.

If any act excluded herein involves nuclear reaction, nuclear radiation or radioactive contamination, then this exclusion Section F., Perils Excluded, Group I, Item 2.f. applies in place of Section F., Perils Excluded, Group I,

in which the physical loss occurs requires coverage for such direct physical loss or damage by fire, then this policy covers only to the extent the **actual cash value** of the resulting direct loss or damage by fire to insured property. This coverage exception for such resulting fire loss or damage does not apply to:

- 1) Direct loss or damage by fire which results from any other applicable exclusion in the policy, including the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
- 2) Any coverage provided in any Business Interruption Endorsement, if any, which may be a part of this policy, or any extension of such coverage, or to any other coverages provided by this policy.

Any act which satisfies the definition of **terrorism** provided in Section H., Definitions, or in any **terrorism** endorsement to this policy will not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage which may be covered elsewhere in this policy.

If any act which satisfies the definition of **terrorism** provided in Section H., Definitions, or in any **terrorism** endorsement to this policy, also comes within the terms of Section F., Perils Excluded, Group I, Item 2.a), then Section F., Perils Excluded, Group I, Item 2.a) applies in place of this exclusion Section F., Perils Excluded, Group I, Item 2.f).

If any act which satisfies the definition of **terrorism** provided in Section H, Definitions, or in any **terrorism** endorsement to this policy, also comes within the terms of Section F. Perils Excluded Group I, Item 2.b) then Section F., Perils excluded, Group I, Item 2.b) applies in place of this exclusion Section F., Perils Excluded, Group I, Item 2.f).

If any act which satisfies the definition of **terrorism** provided in Section H, Definitions, or in any **terrorism** endorsement to this policy, also comes within the terms of Section F. Perils Excluded Group I, Item 2.c) then Section F., Perils excluded, Group I, Item 2.c) applies in place of this exclusion Section F., Perils Excluded, Group I, Item 2.f).

If any act excluded herein involves nuclear reaction, nuclear radiation or radioactive contamination, then this exclusion Section F., Perils Excluded, Group I, Item 2.f) applies in place of Section F., Perils Excluded, Group I,

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PRO ED 3100 (1/08)

PRO HC 3100 (12/08)

<p>Item 1.</p> <p>3. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a peril insured against or otherwise; loss caused by any legal proceeding.</p> <p>4. a) Misappropriation;</p> <p style="padding-left: 20px;">b) Conversion;</p> <p style="padding-left: 20px;">c) Infidelity; or</p> <p style="padding-left: 20px;">d) Any dishonest act;</p> <p>Whether committed alone or in collusion with others at any time, on the part of the Insured or any additional interest, employees, directors, officers, or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the Insured or others listed above, without the knowledge of the Insured, resulting in physical damage, is covered. Such coverage does not apply to any act excluded in Section F., Perils Excluded, Group I, Item 2 f. However, theft by employees of the Insured or others listed above is not covered.</p> <p>5. a) Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee.</p> <p style="padding-left: 20px;">b) The voluntary parting with title or possession of property if induced by any fraudulent act or by false pretence.</p> <p style="padding-left: 40px;">This exclusion does not apply to coverage provided in Section D., Extensions of Coverage, Item 16. Transit.</p> <p>6. The lack of power or other incoming service supplied from off a <b>location</b>. If direct physical loss or damage insured by this policy results to insured property, the resulting damage is covered.</p> <p>7. <b>Earth movement</b>, except as provided in Section C., Additional Coverage, Item 1. <b>Earth Movement</b>.</p> <p style="padding-left: 20px;">Loss by fire, explosion or sprinkler leakage ensuing from <b>earth movement</b> is covered by this policy.</p> <p style="padding-left: 20px;">This exclusion does not apply to coverage provided in Section D., Extensions of Coverage, Item 16. Transit.</p> <p>8. <b>Flood</b>, Seepage or Influx of water from natural</p>	<p>Item 1.</p> <p>3. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a peril insured against or otherwise; loss caused by any legal proceeding.</p> <p>4. a) Misappropriation;</p> <p style="padding-left: 20px;">b) Conversion;</p> <p style="padding-left: 20px;">c) Infidelity; or</p> <p style="padding-left: 20px;">d) Any dishonest act;</p> <p>Whether committed alone or in collusion with others at any time, on the part of the Insured or any additional interest, employees, directors, officers, or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the Insured or others listed above, without the knowledge of the Insured, resulting in physical damage, is covered. Such coverage does not apply to any act excluded in Section F., Perils Excluded, Group I, Item 2.f) However, theft by employees of the Insured or others listed above is not covered.</p> <p>5. a) Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee.</p> <p style="padding-left: 20px;">b) The voluntary parting with title or possession of property if induced by any fraudulent act or by false pretence.</p> <p style="padding-left: 40px;">This exclusion does not apply to coverage provided in Section D., Extensions of Coverage, Item 16. Transit.</p> <p>6. The lack of power or other incoming service supplied from off a <b>location</b>. If direct physical loss or damage insured by this policy results to insured property, the resulting damage is covered.</p> <p>7. <b>Earth movement</b>, except as provided in Section C., Additional Coverage, Item 1. <b>Earth Movement</b>.</p> <p style="padding-left: 20px;">Loss by fire, explosion or sprinkler leakage ensuing from <b>earth movement</b> is covered by this policy.</p> <p style="padding-left: 20px;">This exclusion does not apply to coverage provided in Section D., Extensions of Coverage, Item 16. Transit.</p> <p>8. <b>Flood</b>, Seepage or Influx of water from natural</p>
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**PRO ED 3100 (1/08)**

**PRO HC 3100 (12/08)**

<p>underground sources below the surface of the ground. Except as provided in Section C., Additional Coverage, Item, 2. <b>Flood</b>.</p> <p>Loss by fire, explosion or sprinkler leakage ensuing from <b>flood</b> is covered by this policy.</p> <p>This exclusion does not apply to coverage provided in Section D., Extensions of Coverage, Item 16. Transit.</p> <p>9. Indirect or remote loss.</p> <p>10. The failure or malfunction of any <b>Exterior Insulation and Finish System (EIFS)</b> or the cost to repair the <b>EIFS</b>, including loss or damage caused by:</p> <ul style="list-style-type: none"> <li>a) Water penetration from any source;</li> <li>b) Failure of sealants in any form;</li> <li>c) Leaching of any kind;</li> <li>d) Discoloration of the exterior paint or finish, or</li> <li>e) Damage to materials between the <b>EIFS</b> and the interior finish of the building; damage to the interior finish of the building.</li> </ul> <p>Any other loss or damage resulting from the failure or malfunction of the <b>EIFS</b> to prevent migration of water into the structure is excluded unless fire, explosion, or sprinkler leakage results, in which case this policy covers only the damage caused by the fire, explosion, or sprinkler leakage.</p> <p>11. <b>Fungus, mold or mildew</b>, except as provided in Section D., Extensions of Coverage, Item 18.</p> <p>12. Bookkeeping, accounting, or billing error or omission; alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable; committed to conceal the wrongful giving, taking, obtaining or withholding of <b>money, securities</b>, and/or other property as respects to Section D., Extensions of Coverage, Item 11. Accounts Receivable.</p> <p>13. Error in machine programming or machine instructions as respects to Section D., Extensions of Coverage, Item 13. <b>EDP Media and Data</b>.</p>	<p>underground sources below the surface of the ground. Except as provided in Section C., Additional Coverage, Item, 2. <b>Flood</b>.</p> <p>Loss by fire, explosion or sprinkler leakage ensuing from <b>flood</b> is covered by this policy.</p> <p>This exclusion does not apply to coverage provided in Section D., Extensions of Coverage, Item 16. Transit.</p> <p>9. Indirect or remote loss.</p> <p>10. The failure or malfunction of any <b>Exterior Insulation and Finish System (EIFS)</b> or the cost to repair the <b>EIFS</b>, including loss or damage caused by:</p> <ul style="list-style-type: none"> <li>a) Water penetration from any source;</li> <li>b) Failure of sealants in any form;</li> <li>c) Leaching of any kind;</li> <li>d) Discoloration of the exterior paint or finish, or</li> <li>e) Damage to materials between the <b>EIFS</b> and the interior finish of the building; damage to the interior finish of the building.</li> </ul> <p>Any other loss or damage resulting from the failure or malfunction of the <b>EIFS</b> to prevent migration of water into the structure is excluded unless fire, explosion, or sprinkler leakage results, in which case this policy covers only the damage caused by the fire, explosion, or sprinkler leakage.</p> <p>11. <b>Fungus, mold or mildew</b>, except as provided in Section D., Extensions of Coverage, Item 18.</p> <p>12. Bookkeeping, accounting, or billing error or omission; alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable; committed to conceal the wrongful giving, taking, obtaining or withholding of <b>money, securities</b>, and/or other property as respects to Section D., Extensions of Coverage, Item 11. Accounts Receivable.</p> <p>13. Error in machine programming or machine instructions as respects to Section D., Extensions of Coverage, Item 13. <b>EDP Media and Data</b>.</p>
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**Explanation:** Minor grammatical/numbering changes were made. No change in coverage.

**GROUP II.** This policy does not insure against loss or

**GROUP II.** This policy does not insure against loss or

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damage caused by the following; however, if direct physical loss or damage insured by this policy results, then that resulting direct physical loss or damage is covered.	damage caused by the following; however, if direct physical loss or damage insured by this policy results, then that resulting direct physical loss or damage is covered.
1. Wear and tear, deterioration, inherent vice, latent defect, vermin or insects.	1. Wear and tear, deterioration, inherent vice, latent defect, vermin or insects.
2. Defects in materials, faulty workmanship, faulty construction or faulty design.	2. Defects in materials, faulty workmanship, faulty construction or faulty design.
3. Loss or damage to stock or materials attributable to manufacturing or processing operations while such stock or materials are being processed, manufactured, tested, or otherwise being worked upon.	3. Loss or damage to stock or materials attributable to manufacturing or processing operations while such stock or materials are being processed, manufactured, tested, or otherwise being worked upon.
4. Dampness or dryness of atmosphere; changes of temperature; freezing, except damage to fire protective equipment caused by freezing; heating; shrinkage; evaporation; depletion; erosion; loss of weight; change in color, flavor, texture or finish; rust; corrosion.	4. Dampness or dryness of atmosphere; changes of temperature; freezing, except damage to fire protective equipment caused by freezing; heating; shrinkage; evaporation; depletion; erosion; loss of weight; change in color, flavor, texture or finish; rust; corrosion, <u>except as provided in Section D., Extensions of Coverage, Item 29. Change in Temperature.</u>
5. <b>Contamination</b> , and any cost due to <b>contamination</b> including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy; nor will the foregoing constitute direct physical loss or damage insured by this policy. This exclusion does not apply to radioactive contamination which is excluded in Section F., Perils Excluded, Group I, Item 1.	5. <b>Contamination</b> , and any cost due to <b>contamination</b> including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy; nor will the foregoing constitute direct physical loss or damage insured by this policy. This exclusion does not apply to radioactive contamination which is excluded in Section F., Perils Excluded, Group I, Item 1.
6. Settling, cracking, shrinkage, bulging, or expansion of:  a) Foundations.  b) Walls.  c) Floors.  d) Roofs.  e) Ceilings.	6. Settling, cracking, shrinkage, bulging, or expansion of:  a) Foundations.  b) Walls.  c) Floors.  d) Roofs.  e) Ceilings.
7. Exposure to rain, sleet, snow, sand, or dust to personal property in the open.	7. Exposure to rain, sleet, snow, sand, or dust to personal property in the open.

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**Explanation:** Change in temperature exception was added to the change in temperature exclusion since it is covered in this form. We view this as a broadening.

**G. GENERAL CONDITIONS**

**G. GENERAL CONDITIONS**

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<p><b>1. First Named Insured:</b></p> <p>The First Named Insured shown in the declarations section:</p> <p>a) Is responsible for the payment of all premiums.</p> <p>b) Will be the payee for any return premiums.</p> <p>c) May authorize changes in the terms and conditions of this policy with the consent of this company.</p> <p>This policy's terms can be amended or waived only by endorsement issued by this company and made a part of this policy.</p> <p>Loss or damage will be adjusted with the first named Insured and payable to or as the first named Insured directs subject to: mortgagee; lender; or similar interests; as their interest may appear as shown on the certificates of insurance issued prior to loss by the Insured's broker and on file with this company. The effective date of any interests will be the issue date of the certificates unless a later date is specified on the certificate of insurance.</p>	<p><b>1. First Named Insured:</b></p> <p>The First Named Insured shown in the declarations section:</p> <p>a) Is responsible for the payment of all premiums.</p> <p>b) Will be the payee for any return premiums.</p> <p>c) May authorize changes in the terms and conditions of this policy with the consent of this company.</p> <p>This policy's terms can be amended or waived only by endorsement issued by this company and made a part of this policy.</p> <p>Loss or damage will be adjusted with the first named Insured and payable to or as the first named Insured directs subject to: mortgagee; lender; or similar interests; as their interest may appear as shown on the certificates of insurance issued prior to loss by the Insured's broker and on file with this company. The effective date of any interests will be the issue date of the certificates unless a later date is specified on the certificate of insurance.</p>
<p><b>2. Inspections:</b></p> <p>This company, at all reasonable times, will be permitted, but will not have the duty, to inspect insured property.</p> <p>This company's:</p> <p>a) Right to make inspections; or</p> <p>b) Making of inspections or inspection reports;</p> <p>Will not constitute an undertaking, on behalf of or for the benefit of the named Insured or others, to determine or warrant that any property is safe or healthful.</p>	<p><b>2. Inspections:</b></p> <p>This company, at all reasonable times, will be permitted, but will not have the duty, to inspect insured property.</p> <p>This company's:</p> <p>a) Right to make inspections; or</p> <p>b) Making of inspections or inspection reports;</p> <p>Will not constitute an undertaking, on behalf of or for the benefit of the named Insured or others, to determine or warrant that any property is safe or healthful.</p>
<p><b>3. Examination of Books and Records:</b></p> <p>This company or its duly appointed representative will be permitted to:</p> <p>a) Inspect the insured property;</p> <p>b) Examine and audit books and records;</p> <p>As they relate to this policy:</p> <p>1) Any time during the policy period.</p>	<p><b>3. Examination of Books and Records:</b></p> <p>This company or its duly appointed representative will be permitted to:</p> <p>a) Inspect the insured property;</p> <p>b) Examine and audit books and records;</p> <p>As they relate to this policy:</p> <p>a) Any time during the policy period.</p>

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<p>2) Up to three years after the expiration of coverage.</p>	<p><u>b)</u> Up to three years after the expiration of coverage.</p>
<p><b>4. No Benefit to Bailee:</b></p> <p>No person or organization, other than the Insured, having custody of insured property will benefit from this insurance.</p>	<p><b>4. No Benefit to Bailee:</b></p> <p>No person or organization, other than the Insured, having custody of insured property will benefit from this insurance.</p>
<p><b>5. Control of Property:</b></p> <p>This policy will not apply to any <b>location</b> where there is an increase in hazard over which the Insured has control and knowledge. Any increase in hazard at one or more <b>locations</b> will not affect coverage at other <b>locations</b> where, at the time of loss or damage, the increase in hazard does not exist.</p>	<p><b>5. Control of Property:</b></p> <p>This policy will not apply to any <b>location</b> where there is an increase in hazard over which the Insured has control and knowledge. Any increase in hazard at one or more <b>locations</b> will not affect coverage at other <b>locations</b> where, at the time of loss or damage, the increase in hazard does not exist.</p>
<p><b>6. Deductible Clause:</b></p> <p>This company will not be liable for loss or damage in any one occurrence until the amount of loss or damage exceeds the deductible amount shown in the declarations section and then this company will only be liable for its share of the loss or damage in excess of the deductible amount. If two or more deductibles apply to a single occurrence, then the largest deductible amount will apply. However, the policy allows for the application of:</p> <p>a) Separate and distinct deductibles; and</p> <p>b) Deductibles for specific loss categories;</p> <p>As shown in the declarations section.</p>	<p><b>6. Deductible Clause:</b></p> <p>This company will not be liable for loss or damage in any one occurrence until the amount of loss or damage exceeds the deductible amount shown in the declarations section and then this company will only be liable for its share of the loss or damage in excess of the deductible amount. If two or more deductibles apply to a single occurrence, then the largest deductible amount will apply. However, the policy allows for the application of:</p> <p>a) Separate and distinct deductibles; and</p> <p>b) Deductibles for specific loss categories;</p> <p>As shown in the declarations section.</p>
<p><b>7. Vacant or Unoccupied Locations:</b></p> <p>Permission is given to cease operations and for a <b>location</b> to be vacant or unoccupied for up to sixty (60) consecutive days. Thereafter coverage will apply subject to the following conditions.</p> <p>The Insured must:</p> <p>a) Maintain the same degree of fire protection, and watch and alarm service as existed prior to the cessation of normal operations, and</p> <p>b) Notify this company of any such locations in writing prior to any loss or damage.</p>	<p><b>7. Vacant or Unoccupied Locations:</b></p> <p>Permission is given to cease operations and for a <b>location</b> to be vacant or unoccupied for up to sixty (60) consecutive days. Thereafter coverage will apply subject to the following conditions.</p> <p>The Insured must:</p> <p>a) Maintain the same degree of fire protection, and watch and alarm service as existed prior to the cessation of normal operations, and</p> <p>b) Notify this company of any such locations in writing prior to any loss or damage.</p>

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**PRO ED 3100 (1/08)**

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<p>If the conditions above are not met this company will;</p> <p>a) Not cover any loss or damage caused by or resulting from:, vandalism, sprinkler leakage, breakage of building glass, water damage, theft, attempted theft, any loss covered under D., Extensions of Coverage, Item 14. Demolition and Increased Cost of Construction and any loss covered under D., Extensions of Coverage, Item 18. <b>Fungus, Mold or Mildew</b>; all regardless of the cause of loss; and</p> <p>b) Value the loss or damage at such <b>locations</b> on the lesser of the <b>actual cash value</b>, the cost to repair, or the sale value of the property less the value of the land.</p>	<p>If the conditions above are not met this company will;</p> <p>a) Not cover any loss or damage caused by or resulting from:, vandalism, sprinkler leakage, breakage of building glass, water damage, theft, attempted theft, any loss covered under D., Extensions of Coverage, Item 14. Demolition and Increased Cost of Construction and any loss covered under D., Extensions of Coverage, Item 18. <b>Fungus, Mold or Mildew</b>; all regardless of the cause of loss; and</p> <p>b) Value the loss or damage at such <b>locations</b> on the lesser of the <b>actual cash value</b>, the cost to repair, or the sale value of the property less the value of the land.</p>
<p><b>8. Other Insurance / Excess Insurance / Underlying Insurance:</b></p> <p>If there is other insurance covering the same loss or damage that is covered:</p> <p>a) Under this policy; and</p> <p>b) Any other policy;</p> <p>Then this insurance will apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted, whether or not such insurance is collectible.</p> <p>Permission is granted for the Insured to purchase:</p> <p>a) Excess insurance over the limit(s) of liability in this policy;</p> <p>b) Underlying insurance on all or any part of the deductibles of this policy.</p> <p>If the limits of the underlying insurance exceed the deductible that would apply under this policy, then the insurance provided by this policy will apply only after that portion that exceeds the deductible has been exhausted.</p> <p>Except for the foregoing, the existence of such underlying or excess insurance will not:</p> <p>a) Prejudice; or</p> <p>b) Reduce;</p> <p>Any recovery payable under this policy.</p>	<p><b>8. Other Insurance / Excess Insurance / Underlying Insurance:</b></p> <p>If there is other insurance covering the same loss or damage that is covered:</p> <p>a) Under this policy; and</p> <p>b) Any other policy;</p> <p>Then this insurance will apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted, whether or not such insurance is collectible.</p> <p>Permission is granted for the Insured to purchase:</p> <p>a) Excess insurance over the limit(s) of liability in this policy;</p> <p>b) Underlying insurance on all or any part of the deductibles of this policy.</p> <p>If the limits of the underlying insurance exceed the deductible that would apply under this policy, then the insurance provided by this policy will apply only after that portion that exceeds the deductible has been exhausted.</p> <p>Except for the foregoing, the existence of such underlying or excess insurance will not:</p> <p>a) Prejudice; or</p> <p>b) Reduce;</p> <p>Any recovery payable under this policy.</p>
<p><b>9. Reinstatement of Limits after a Loss:</b></p>	<p><b>9. Reinstatement of Limits after a Loss:</b></p>

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<p>Except for those perils subject to an annual aggregate limit of liability, any loss or payment of any claim will not reduce the amount payable under this policy.</p>	<p>Except for those perils subject to an annual aggregate limit of liability, any loss or payment of any claim will not reduce the amount payable under this policy.</p>
<p><b>10. Liberalization Clause:</b></p> <p>If this company adopts a revision that would broaden the coverage under this policy Form (PRO AR ED 3100) without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.</p>	<p><b>10. Liberalization Clause:</b></p> <p>If this company adopts a revision that would broaden the coverage under this policy Form (PRO HC 3100) without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.</p>
<p><b>11. Transfer of Rights and Duties Under This Policy:</b></p> <p>The Insured's rights, interests and duties under this policy may not be transferred or assigned without this company's written consent.</p>	<p><b>11. Transfer of Rights and Duties Under This Policy:</b></p> <p>The Insured's rights, interests and duties under this policy may not be transferred or assigned without this company's written consent.</p>
<p><b>12. Legal Action Against This Company:</b></p> <p>No suit, action, or proceeding for the recovery of any claim under this policy, will be sustainable in any court of law or equity unless:</p> <ul style="list-style-type: none"> <li>a) The Insured has fully complied with all terms and conditions of the policy; and</li> <li>b) Such suit, action or proceeding is initiated within two years after the date on which the direct physical loss or damage first commenced or occurred.</li> </ul>	<p><b>12. Legal Action Against This Company:</b></p> <p>No suit, action, or proceeding for the recovery of any claim under this policy, will be sustainable in any court of law or equity unless:</p> <ul style="list-style-type: none"> <li>a) The Insured has fully complied with all terms and conditions of the policy; and</li> <li>b) Such suit, action or proceeding is initiated within two years after the date on which the direct physical loss or damage first commenced or occurred.</li> </ul>
<p><b>13. Subrogation:</b></p> <p>The Insured must cooperate in any subrogation proceedings. This company may require from the Insured an assignment of all rights of recovery against any party for loss to the extent of this company's payment.</p> <p>This company will not acquire any rights of recovery that the Insured has expressly waived prior to a loss. No such waiver will affect the Insured's rights under this policy.</p> <p>Any recovery from subrogation proceedings, less expenses incurred by this company in such proceedings, will be payable to the Insured in the proportion that the amount of:</p>	<p><b>13. Subrogation:</b></p> <p>The Insured must cooperate in any subrogation proceedings. This company may require from the Insured an assignment of all rights of recovery against any party for loss to the extent of this company's payment.</p> <p>This company will not acquire any rights of recovery that the Insured has expressly waived prior to a loss. No such waiver will affect the Insured's rights under this policy.</p> <p>Any recovery from subrogation proceedings, less expenses incurred by this company in such proceedings, will be payable to the Insured in the proportion that the amount of:</p>

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<p>a) Any applicable deductible; and</p> <p>b) Any provable uninsured loss;</p> <p>Bears to the entire loss amount.</p>	<p>a) Any applicable deductible; and</p> <p>b) Any provable uninsured loss;</p> <p>Bears to the entire loss amount.</p>
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**Explanation:** No change.

**14: Basis of Valuation:**

Adjustment of loss amount(s) under this policy will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

a. The following property, unless endorsed, will be valued at the time of loss as follows:

- 1) Stock in process: the value of **raw materials** and labor expended plus the proper proportion of overhead charges.
- 2) **Finished goods** manufactured by the Insured, and other goods sold awaiting delivery: the regular cash selling price at the **location** where loss occurs, less all discounts and charges which the merchandise would have been subject to had no loss occurred.
- 3) **Raw materials**, supplies, and other merchandise not manufactured by the Insured: the replacement cost.
- 4) Property of others: the amount for which the Insured is legally liable, but not exceeding the replacement cost.
- 5) Unrepairable electrical and mechanical equipment, including **electronic data processing equipment**, the cost to replace with equipment that is the most functionally equivalent to that damaged, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program enhancement.
- 6) Trees, shrubs, plants, and lawns will be limited to standard local nursery stock.
- 7) **Fine Arts** are valued at the lesser of:
  - a) The cost to repair or restore the article to the condition that existed immediately prior to the loss;

**14. Basis of Valuation:**

Adjustment of loss amount(s) under this policy will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

a) The following property, unless endorsed, will be valued at the time of loss as follows:

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- 2) **Finished goods** manufactured by the Insured, and other goods sold awaiting delivery: the regular cash selling price at the **location** where loss occurs, less all discounts and charges which the merchandise would have been subject to had no loss occurred.
- 3) **Raw materials**, supplies, and other merchandise not manufactured by the Insured: the replacement cost.
- 4) Property of others: the amount for which the Insured is legally liable, but not exceeding the replacement cost.
- 5) Unrepairable electrical and mechanical equipment, including **electronic data processing equipment**, the cost to replace with equipment that is the most functionally equivalent to that damaged, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program enhancement.
- 6) Trees, shrubs, plants, and lawns will be limited to standard local nursery stock.
- 7) **Fine Arts** are valued at the lesser of:
  - (a) The cost to repair or restore the article to the condition that existed immediately prior to the loss;

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<p><b>b)</b> The cost to replace the article; or</p> <p><b>c)</b> The value designated for the article on the schedule of <b>fine arts</b> on file with this company.</p> <p>In case of physical loss or damage to an article that is part of a pair or a set, this company will pay the full amount of the value of such pair or set only if: the damaged article cannot be repaired or restored to its condition before the loss; and the Insured surrenders the remaining article or articles of the pair or set to the company.</p> <p><b>8)</b> Accounts receivable is valued at the sum due which the Insured is unable to collect from customers, and includes:</p> <p><b>(a)</b> Interest charges on any loan to offset impaired collections pending repayment of such sums that can not be collected;</p> <p><b>(b)</b> Collection expenses in excess of normal collection cost; and</p> <p><b>(c)</b> Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.</p> <p>If the Insured is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:</p> <p><b>(a)</b> Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which loss occurs; and</p> <p><b>(b)</b> Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.</p> <p>Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted.</p> <p>After payment of loss by the company, all amounts recovered by the Insured on accounts receivable for which the Insured has been indemnified will belong to and be paid to the company by the Insured up to the total amount of loss paid by this company. All recoveries in excess of such amounts will belong to the Insured.</p> <p><b>9) Valuable papers and records</b> is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is</p>	<p><b>(b)</b> The cost to replace the article; or</p> <p><b>(c)</b> The value designated for the article on the schedule of <b>fine arts</b> on file with this company.</p> <p>In case of physical loss or damage to an article that is part of a pair or a set, this company will pay the full amount of the value of such pair or set only if: the damaged article cannot be repaired or restored to its condition before the loss; and the Insured surrenders the remaining article or articles of the pair or set to this company.</p> <p><b>8)</b> Accounts receivable is valued at the sum due which the Insured is unable to collect from customers, and includes:</p> <p><b>(a)</b> Interest charges on any loan to offset impaired collections pending repayment of such sums that can not be collected;</p> <p><b>(b)</b> Collection expenses in excess of normal collection cost; and</p> <p><b>(c)</b> Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.</p> <p>If the Insured is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:</p> <p><b>(a)</b> Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which loss occurs; and</p> <p><b>(b)</b> Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.</p> <p>Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted.</p> <p>After payment of loss by this company, all amounts recovered by the Insured on accounts receivable for which the Insured has been indemnified will belong to and be paid to this company by the Insured up to the total amount of loss paid by this company. All recoveries in excess of such amounts will belong to the Insured.</p> <p><b>9) Valuable papers and records</b> is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not</p>
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not replaced or restored, the company will pay the blank value of such **valuable papers and records** except as provided in Section 14. Basis of Valuation Item 10. Library Books, Periodicals, and Rare Books.

replaced or restored, this company will pay the blank value of such **valuable papers and records**, except as provided in Section 14. Basis of Valuation Item a) 10. Library Books, Periodicals, and Rare Books.

**10) Library Books, Periodicals, and Rare Books**

**10) Library Books, Periodicals, and Rare Books**

a) Library Books and Periodicals are valued at the lesser of:

(a) Library Books and Periodicals are valued at the lesser of:

- 1) The cost to repair or restore the Library Books or Periodicals to the condition that existed immediately prior to the loss(including the cost of re-shelving and processing); or
- 2) The cost to replace the Library Books or Periodicals (including the cost of re-shelving and processing); or
- 3) The value designated for the Library Books or Periodicals (including the cost of re-shelving and processing) as shown in the declarations.

- (1) The cost to repair or restore the Library Books or Periodicals to the condition that existed immediately prior to the loss(including the cost of re-shelving and processing); or
- (2) The cost to replace the Library Books or Periodicals (including the cost of re-shelving and processing); or
- (3) The value designated for the Library Books or Periodicals (including the cost of re-shelving and processing) as shown in the declarations.

b) Rare Books are valued at the lesser of:

(b) Rare Books are valued at the lesser of:

- 1) The cost to repair or restore the Rare Book to the condition that existed immediately prior to the loss(including the cost of re-shelving and processing);
- 2) The cost to replace the Rare Book (including the cost of re-shelving and processing); or
- 3) The value designated for the Rare Book (including the cost of re-shelving and processing) on the schedule of Rare Books on file with this company. If not so scheduled, the value designated for each Library Books or Periodicals (including the cost of re-shelving and processing) as shown in the declarations.

- (1) The cost to repair or restore the Rare Book to the condition that existed immediately prior to the loss(including the cost of re-shelving and processing);
- (2) The cost to replace the Rare Book (including the cost of re-shelving and processing); or
- (3) The value designated for the Rare Book (including the cost of re-shelving and processing) on the schedule of Rare Books on file with this company. If not so scheduled, the value designated for each Library Books or Periodicals (including the cost of re-shelving and processing) as shown in the declarations.

In case of direct physical loss or damage insured by this policy to a Library Book, Periodical or Rare Book that is part of a pair or set, this company will pay the full amount of the value of such pair or set only if:

In case of direct physical loss or damage insured by this policy to a Library Book, Periodical or Rare Book that is part of a pair or set, this company will pay the full amount of the value of such pair or set only if:

- 1) The damaged Library Book, Periodical or Rare Book cannot be replaced, or repaired or restored to its condition before the loss; and
- 2) The Insured surrenders the remaining Library Book(s), Periodical(s), or Rare Books(s) of the pair or set to this company.

- (1) The damaged Library Book, Periodical or Rare Book cannot be replaced, or repaired or restored to its condition before the loss; and
- (2) The Insured surrenders the remaining Library Book(s), Periodical(s), or Rare Books(s) of the pair or set to this company.

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**11) Electronic Data Processing Media and Data** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored, this company will pay the blank value of such **electronic data processing media**.

**12) Research animals** are valued at:

- a) The purchase price of commercially available laboratory animals, not including project restoration costs. If a research animal is not replaced or restored, this company will only pay the **actual cash value** of such research animal.
- b) Project restoration costs for research animals are the costs of researching, gathering and/or assembling information to restore the research animals to the same degree of completion as existed prior to direct physical loss or damage insured by this policy.

**13) Research experiments** are valued at:

- a) The cost to replace or restore the **research experiments** with others of like kind and quality, not including project restoration costs. If a **research experiment** is not replaced or restored, this company will only pay the **actual cash value** of such **research experiment**.
- b) Project restoration costs for **research experiments** are the costs of researching, gathering and/or assembling information to restore the **research experiments** to the same degree of completion as existed prior to direct physical loss or damage insured by this policy.

**14) Property while in transit** is valued as follows:

- a) For property shipped to or for account of the Insured: the actual invoice to the Insured, together with such costs and charges (including the commission of the Insured as selling agent) as may have accrued and become legally due on such property.
- b) For property that has been sold by the Insured and shipped to or for account of the purchaser (if covered by this policy): the amount of the Insured's selling invoice, including prepaid or advanced freight.

c) For property not under invoice:

**11) Electronic Data Processing Media and Data** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored, this company will pay the blank value of such **electronic data processing media**.

**12) Research animals** are valued at:

- (a) The purchase price of commercially available laboratory animals, not including project restoration costs. If a research animal is not replaced or restored, this company will only pay the **actual cash value** of such research animal.
- (b) Project restoration costs for research animals are the costs of researching, gathering and/or assembling information to restore the research animals to the same degree of completion as existed prior to direct physical loss or damage insured by this policy.

**13) Research experiments** are valued at:

- (a) The cost to replace or restore the **research experiments** with others of like kind and quality, not including project restoration costs. If a **research experiment** is not replaced or restored, this company will only pay the **actual cash value** of such **research experiment**.
- (b) Project restoration costs for **research experiments** are the costs of researching, gathering and/or assembling information to restore the **research experiments** to the same degree of completion as existed prior to direct physical loss or damage insured by this policy.

**14) Property while in transit** is valued as follows:

- (a) For property shipped to or for account of the Insured: the actual invoice to the Insured, together with such costs and charges (including the commission of the Insured as selling agent) as may have accrued and become legally due on such property.
- (b) For property that has been sold by the Insured and shipped to or for account of the purchaser (if covered by this policy): the amount of the Insured's selling invoice, including prepaid or advanced freight.

(c) For property not under invoice:

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<p>(1) For property of the Insured, the valuation provisions of the policy applying at the <b>location</b> from which the property is being transported; or</p> <p>(2) For other property, the actual cash market value at point of destination on the date of occurrence.</p> <p>(3) Less any charges saved which would have become due and payable upon arrival at destination.</p> <p>15) Property that is damaged by fire and such fire is the result of <b>terrorism</b> and the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical damage by fire, the <b>actual cash value</b> for any portion of the fire damage loss which exceeds the limit of liability provided in the declarations section.</p> <p>b) The Insured may:</p> <p>1) Voluntarily elect to rebuild on another site provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.</p> <p>2) Submit claim based on the <b>actual cash value</b> of the property lost or damaged until repair or replacement has been completed. The Insured may still claim for the additional coverage which replacement cost provides if notification of intention to do so is received by this company within 180 days after the loss or damage.</p> <p>c) Replacement cost is subject to all the terms, conditions and limitations of the policy (including any endorsements) and the following additional provisions:</p> <p>1) The Insured must execute repairs or replacement with due diligence and dispatch.</p> <p>2) In no event will payment exceed the actual cost incurred for repairs, replacement, or the limit of liability stated in this policy, whichever is the lesser.</p> <p>3) If during the term of this policy, any insured real property is offered for sale, the liability for loss or damage will not exceed the lesser of:</p> <p style="padding-left: 40px;">a) The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or,</p>	<p>(1) For property of the Insured, the valuation provisions of the policy applying at the <b>location</b> from which the property is being transported; or</p> <p>(2) For other property, the actual cash market value at point of destination on the date of occurrence.</p> <p>(3) Less any charges saved which would have become due and payable upon arrival at destination.</p> <p>15) Property that is damaged by fire and such fire is the result of <b>terrorism</b> and the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical damage by fire, the <b>actual cash value</b> for any portion of the fire damage loss which exceeds the limit of liability provided in the declarations section.</p> <p>b) The Insured may:</p> <p>1) Voluntarily elect to rebuild on another site provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.</p> <p>2) Submit claim based on the <b>actual cash value</b> of the property lost or damaged until repair or replacement has been completed. The Insured may still claim for the additional coverage which replacement cost provides if notification of intention to do so is received by this company within 180 days after the loss or damage.</p> <p>c) Replacement cost is subject to all the terms, conditions and limitations of the policy (including any endorsements) and the following additional provisions:</p> <p>1) The Insured must execute repairs or replacement with due diligence and dispatch.</p> <p>2) In no event will payment exceed the actual cost incurred for repairs, replacement, or the limit of liability stated in this policy, whichever is the lesser.</p> <p>3) If during the term of this policy, any insured real property is offered for sale, the liability for loss or damage will not exceed the lesser of:</p> <p style="padding-left: 40px;">(a) The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or,</p>
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<p>b) The cost to repair or replace.</p> <p>The Insured may elect not to repair or replace the property. Loss valuation may be elected on the lesser of repair or replacement cost basis if the proceeds of the loss valuation are expended on other capital expenditures related to the Insured's operations within two (2) years from the date of loss. As a condition of collecting under this item, such expenditures must be unplanned as of the date of loss and be made at a <b>described location</b>. This loss valuation does not include any amount that would or could have been paid under section D., Extensions of Coverage, Item 14. Demolition and Increased Cost of Construction Items A. thru D.</p> <p>If the Insured fails to comply with any of the valuation provisions or does not repair or replace the property within two (2) years from the date of loss, the basis of valuation will revert to the <b>actual cash value</b> as defined in this policy.</p>	<p><b>(b)</b> The cost to repair or replace.</p> <p>The Insured may elect not to repair or replace the property. Loss valuation may be elected on the lesser of repair or replacement cost basis if the proceeds of the loss valuation are expended on other capital expenditures related to the Insured's operations within two (2) years from the date of loss. As a condition of collecting under this item, such expenditures must be unplanned as of the date of loss and be made at a <b>described location</b>. This loss valuation does not include any amount that would or could have been paid under section D., Extensions of Coverage, Item 14. Demolition and Increased Cost of Construction Items A. thru D.</p> <p>If the Insured fails to comply with any of the valuation provisions or does not repair or replace the property within two (2) years from the date of loss, the basis of valuation will revert to the <b>actual cash value</b> as defined in this policy.</p>
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**Explanation:** Minor grammatical/numbering changes were made. No change in coverage.

<p><b>15. Brands and Labels:</b></p> <p>If branded or labeled property covered by this policy is damaged by direct physical loss or damage insured by this policy and this company elects to take all or any part of such property at the value established by the terms of this policy, the Insured may at Insured's own expense:</p> <ul style="list-style-type: none"> <li>a) Stamp "salvage" on the property or its containers; or</li> <li>b) Remove or obliterate the brands or labels;</li> </ul> <p>If doing so will not physically damage the property.</p> <p>The Insured must re-label the property or containers in compliance with the requirements of law.</p>	<p><b>15. Brands and Labels:</b></p> <p>If branded or labeled property covered by this policy is damaged by direct physical loss or damage insured by this policy and this company elects to take all or any part of such property at the value established by the terms of this policy, the Insured may at Insured's own expense:</p> <ul style="list-style-type: none"> <li>a) Stamp "salvage" on the property or its containers; or</li> <li>b) Remove or obliterate the brands or labels;</li> </ul> <p>If doing so will not physically damage the property.</p> <p>The Insured must re-label the property or containers in compliance with the requirements of law.</p>
<p><b>16. Pairs and Sets:</b></p> <p>This policy covers the reduction in value of the undamaged portion of Insured personal property that is a part of a pair or set, directly resulting from direct physical loss or damage insured by this policy to other insured parts of such pairs or sets. If settlement is based on a constructive total loss, the Insured will surrender the</p>	<p><b>16. Pairs and Sets:</b></p> <p>This policy covers the reduction in value of the undamaged portion of Insured personal property that is a part of a pair or set, directly resulting from direct physical loss or damage insured by this policy to other insured parts of such pairs or sets. If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such property</p>

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<p>undamaged parts of such property to the company.</p>	<p>to the company.</p>
<p><b>17. Cancellation:</b></p> <p>a) The first named Insured may cancel this policy at any time by:</p> <ol style="list-style-type: none"> <li>1) Surrendering the policy to the company or</li> <li>2) Mailing or delivering to the company advance written notice of cancellation.</li> </ol> <p>b. This company may cancel this policy by:</p> <ol style="list-style-type: none"> <li>1) Mailing; or</li> <li>2) Delivering;</li> </ol> <p>Written notice of cancellation to the first named Insured at the address as stated in the declarations section, not less than:</p> <ol style="list-style-type: none"> <li>a) Sixty (60) days; or</li> <li>b) Ten (10) days for non-payment of premium;</li> </ol> <p>Before the effective date of cancellation.</p> <p>Proof of mailing or delivery will be sufficient proof of notice.</p> <p>c. This company will return unearned premium to the Insured:</p> <ol style="list-style-type: none"> <li>1) On a pro rata basis if this company cancels the policy; or</li> <li>2) 90% of the pro rata basis if the Insured cancels the policy.</li> </ol>	<p><b>17. Cancellation:</b></p> <p>a) The first named Insured may cancel this policy at any time by:</p> <ol style="list-style-type: none"> <li>1) Surrendering the policy to the company or</li> <li>2) Mailing or delivering to the company advance written notice of cancellation.</li> </ol> <p>b) This company may cancel this policy by:</p> <ol style="list-style-type: none"> <li>1) Mailing; or</li> <li>2) Delivering;</li> </ol> <p>Written notice of cancellation to the first named Insured at the address as stated in the declarations section, not less than:</p> <ol style="list-style-type: none"> <li>1) Sixty (60) days; or</li> <li>2) Ten (10) days for non-payment of premium;</li> </ol> <p>Before the effective date of cancellation.</p> <p>Proof of mailing or delivery will be sufficient proof of notice.</p> <p>c) This company will return unearned premium to the Insured:</p> <ol style="list-style-type: none"> <li>1) On a pro rata basis if this company cancels the policy; or</li> <li>2) 90% of the pro rata basis if the Insured cancels the policy.</li> </ol>
<p><b>18. Currency:</b></p> <p>Any amounts specified in this policy, including but not limited to premium, limit(s) of liability, deductible(s), and loss payable will be considered to be in Canadian currency for locations situated in Canada and in United States of America currency for all other locations, unless specified otherwise.</p>	<p><b>18. Currency:</b></p> <p>Any amounts specified in this policy, including but not limited to premium, limit(s) of liability, deductible(s), and loss payable will be considered to be in Canadian currency for locations situated in Canada and in United States of America currency for all other locations, unless specified otherwise.</p>
<p><b>19. Conformity to Statute:</b></p> <p>Terms of this policy, which are in conflict with the statutes of the jurisdiction where the insured property is located, are amended to conform to such statutes.</p>	<p><b>19. Conformity to Statute:</b></p> <p>Terms of this policy, which are in conflict with the statutes of the jurisdiction where the insured property is located, are amended to conform to such statutes.</p>
<p><b>20. Suspension:</b></p>	<p><b>20. Suspension:</b></p>

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<p>Upon discovery of a dangerous condition, any representative of the company may immediately suspend the <b>Boiler and Machinery</b> insurance with respect to any machine, vessel or part thereof by giving written notice to the Insured. The insurance that is suspended may be reinstated by the company. The Insured will be allowed the return of the unearned portion of the premium resulting from the suspension of insurance.</p> <p>If coverage is suspended, it will also be immediately suspended for any:</p> <ul style="list-style-type: none"> <li>a) Mortgagee;</li> <li>b) Lender; or</li> <li>c) Additional named interest;</li> </ul> <p>By written notice of suspension.</p>	<p>Upon discovery of a dangerous condition, any representative of the company may immediately suspend the <b>Boiler and Machinery</b> insurance with respect to any machine, vessel or part thereof by giving written notice to the Insured. The insurance that is suspended may be reinstated by the company. The Insured will be allowed the return of the unearned portion of the premium resulting from the suspension of insurance.</p> <p>If coverage is suspended, it will also be immediately suspended for any:</p> <ul style="list-style-type: none"> <li>a) Mortgagee;</li> <li>b) Lender; or</li> <li>c) Additional named interest;</li> </ul> <p>By written notice of suspension.</p>
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**Pages 26 - 28**

**Explanation:** No change.

<p><b><u>H. DEFINITIONS:</u></b></p> <p><b>Actual Cash Value</b> means the cost to repair or replace the property, at the time and place of the loss or damage, with material of like kind and quality, less proper deduction for obsolescence and physical depreciation.</p> <p><b>Boiler and Machinery</b> means:</p> <p>1. Direct physical loss or damage originating within:</p> <ul style="list-style-type: none"> <li>a) 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:             <ul style="list-style-type: none"> <li>1) Waste disposal piping;</li> <li>2) Any piping forming part of a fire protective system;</li> <li>3) Furnaces; and</li> <li>4) Any water piping other than:                 <ul style="list-style-type: none"> <li>(a) Boiler feed water piping between the feed pump or injector and the boiler;</li> <li>(b) Boiler condensate return piping; or</li> <li>(c) Water piping forming part of a refrigerating or air conditioning system</li> </ul> </li> </ul> </li> </ul>	<p><b><u>H. DEFINITIONS:</u></b></p> <p><b>Actual Cash Value</b> means the cost to repair or replace the property, at the time and place of the loss or damage, with material of like kind and quality, less proper deduction for obsolescence and physical depreciation.</p> <p><b>Boiler and Machinery</b> means:</p> <p>1. Direct physical loss or damage originating within:</p> <ul style="list-style-type: none"> <li>a) 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:             <ul style="list-style-type: none"> <li>1) Waste disposal piping;</li> <li>2) Any piping forming part of a fire protective system;</li> <li>3) Furnaces; and</li> <li>4) Any water piping other than:                 <ul style="list-style-type: none"> <li>(a) Boiler feed water piping between the feed pump or injector and the boiler;</li> <li>(b) Boiler condensate return piping; or</li> <li>(c) Water piping forming part of a refrigerating or air conditioning system</li> </ul> </li> </ul> </li> </ul>
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**PRO ED 3100 (1/08)**

**PRO HC 3100 (12/08)**

<p style="text-align: center;">used for cooling, humidifying or space heating purposes.</p> <p>b) All mechanical, electrical, electronic or fiber optic equipment; and</p> <p>2. Caused by, resulting from, or consisting of:</p> <p>a) Mechanical breakdown; or</p> <p>b) Electrical or electronic breakdown, or</p> <p>c) Extremes or changes of temperature; or</p> <p>d) Rupture, bursting, bulging, implosion, or steam explosion.</p> <p>3. <b>Boiler and Machinery</b> does not mean:</p> <p>Physical loss or damage caused by or resulting from any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:</p> <p>a) Combustion explosions, except from within combustion gas turbines; or</p> <p>b) Explosions from liquids coming in contact with molten materials; or</p> <p>c) Accidental discharge, escape, leakage, back-up, or overflow to the open of any material from confinement within piping, plumbing systems, or tanks except from property described in item 1 above; or</p> <p>d) Fire, or from the use of water or other means to extinguish a fire.</p> <p><b>Contaminant</b> means anything that causes <b>contamination</b>, including but <b>not</b> limited to any solid, liquid, gaseous or thermal irritant or substance, including but not limited to fiber, smoke, vapor, soot, fumes, acids, alkalis, chemicals, biological agents and waste, including but not limited to waste materials to be recycled, reconditioned or reclaimed.</p> <p><b>Contamination</b> means the actual or suspected presence of any material that can cause or threaten damage to human health or human welfare; or that can cause or threaten damage, deterioration, loss of value, loss of marketability, or loss of use of property. Such material includes, but is not limited to, any foreign substance, impurity, <b>contaminant</b>, hazardous material, poison, toxin, pathogen, pathogenic organism, bacteria, virus,</p>	<p style="text-align: center;">used for cooling, humidifying or space heating purposes.</p> <p>b) All mechanical, electrical, electronic or fiber optic equipment; and</p> <p>2. Caused by, resulting from, or consisting of:</p> <p>a) Mechanical breakdown; or</p> <p>b) Electrical or electronic breakdown, or</p> <p>c) Extremes or changes of temperature; or</p> <p>d) Rupture, bursting, bulging, implosion, or steam explosion.</p> <p>3. <b>Boiler and Machinery</b> does not mean:</p> <p>Physical loss or damage caused by or resulting from any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:</p> <p>a) Combustion explosions, except from within combustion gas turbines; or</p> <p>b) Explosions from liquids coming in contact with molten materials; or</p> <p>c) Accidental discharge, escape, leakage, back-up, or overflow to the open of any material from confinement within piping, plumbing systems, or tanks except from property described in item 1 above; or</p> <p>d) Fire, or from the use of water or other means to extinguish a fire.</p> <p><b>Contaminant</b> means anything that causes <b>contamination</b>, including but <b>not</b> limited to any solid, liquid, gaseous or thermal irritant or substance, including but not limited to fiber, smoke, vapor, soot, fumes, acids, alkalis, chemicals, biological agents and waste, including but not limited to waste materials to be recycled, reconditioned or reclaimed.</p> <p><b>Contamination</b> means the actual or suspected presence of any material that can cause or threaten damage to human health or human welfare; or that can cause or threaten damage, deterioration, loss of value, loss of marketability, or loss of use of property. Such material includes, but is not limited to, any foreign substance, impurity, <b>contaminant</b>, hazardous material, poison, toxin, pathogen, pathogenic organism, bacteria, virus,</p>
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AFFILIATED FM INSURANCE COMPANY  
 Filing AFF-2008-62  
 Policy Comparison for PRO ED 3100 vs. PRO HC 3100

**PRO ED 3100 (1/08)**

**PRO HC 3100 (12/08)**

disease causing agent or illness causing agent.	disease causing agent or illness causing agent.
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<p><b>Described Locations</b> means the locations described in the Insurance Provided section of the declarations section.</p> <p><b>Earth Movement</b> means any natural or man-made <b>earth movement</b>, including but not limited to earthquake or landslide.</p> <p><b>Electronic Data Processing (EDP) Data</b> means all information stored on media devices, including: facts, concepts, or computer programs; converted to a form usable in a data processing operation.</p> <p><b>Electronic Data Processing (EDP) Equipment</b> means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Equipment does not include property in the course of manufacture or property the Insured holds for sale or demonstration.</p> <p><b>Electronic Data Processing (EDP) Media</b> means all materials on which data is recorded including: magnetic tapes; disc packs; paper tapes; and cards; used in data processing equipment. <b>EDP media</b> does not include any memory bank attached to production machinery or any property the Insured holds for sale or demonstration.</p> <p><b>Exterior Insulation and Finish System (EIFS)</b> means any exterior cladding or finish system used on any part of any structure and consisting of: a rigid or semi-rigid insulation board made of expanded polystyrene or other materials; adhesive and/or mechanical fasteners used to attach the insulation board to the substrate; a reinforced base coat; and a finish coat providing surface texture and color, including sealant around windows and other penetrations.</p> <p><b>Fine Arts</b> means paintings; etchings; pictures; tapestries; rare or art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money, <b>securities</b>.</p> <p><b>Finished Goods</b> means stock manufactured or processed by the Insured which is ready for packing,</p>	<p><b>Described Locations</b> means the locations described in the Insurance Provided section of the declarations section.</p> <p><b>Earth Movement</b> means any natural or man-made <b>earth movement</b>, including but not limited to earthquake or landslide.</p> <p><b>Electronic Data Processing (EDP) Data</b> means all information stored on media devices, including: facts, concepts, or computer programs; converted to a form usable in a data processing operation.</p> <p><b>Electronic Data Processing (EDP) Equipment</b> means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Equipment does not include property in the course of manufacture or property the Insured holds for sale or demonstration.</p> <p><b>Electronic Data Processing (EDP) Media</b> means all materials on which data is recorded including: magnetic tapes; disc packs; paper tapes; and cards; used in data processing equipment. <b>EDP media</b> does not include any memory bank attached to production machinery or any property the Insured holds for sale or demonstration.</p> <p><b>Exterior Insulation and Finish System (EIFS)</b> means any exterior cladding or finish system used on any part of any structure and consisting of: a rigid or semi-rigid insulation board made of expanded polystyrene or other materials; adhesive and/or mechanical fasteners used to attach the insulation board to the substrate; a reinforced base coat; and a finish coat providing surface texture and color, including sealant around windows and other penetrations.</p> <p><b>Fine Arts</b> means paintings; etchings; pictures; tapestries; rare or art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money, <b>securities</b>.</p> <p><b>Finished Goods</b> means stock manufactured or processed by the Insured which is ready for packing,</p>
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AFFILIATED FM INSURANCE COMPANY  
 Filing AFF-2008-62  
 Policy Comparison for PRO ED 3100 vs. PRO HC 3100

**PRO ED 3100 (1/08)**

**PRO HC 3100 (12/08)**

shipment, or sale.	shipment, or sale.
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**Pages 26 - 28**

**Explanation:** No change.

<p><b>Flood</b> means any surface water; tidal or seismic sea wave; tsunami; storm surge, including but not limited to the rush of water over or onto land from any body of water caused by high winds associated with a cyclone, tropical storm, hurricane or any other storm and secondarily by the low pressure of the storm; rising (including overflowing or breaking of boundaries) of any body of water, including but not limited to seas, oceans, reservoirs, lakes, streams, rivers, ponds and harbors; all whether driven by wind or not, and including spray from any of the foregoing that results from, contributes to, or is aggravated by any of the above. <b>Flood</b> also includes physical loss or damage from water which backs up through sewers or drains that are below ground level as a result of <b>flood</b>.</p>	<p><b>Flood</b> means any surface water; tidal or seismic sea wave; tsunami; storm surge, including but not limited to the rush of water over or onto land from any body of water caused by high winds associated with a cyclone, tropical storm, hurricane or any other storm and secondarily by the low pressure of the storm; rising (including overflowing or breaking of boundaries) of any body of water, including but not limited to seas, oceans, reservoirs, lakes, streams, rivers, ponds and harbors; all whether <u>natural or man-made</u>, and whether driven by wind or not, and including spray from any of the foregoing that results from, contributes to, or is aggravated by any of the above <u>whether natural or man-made</u>. <b>Flood</b> also includes physical loss or damage from water which backs up through sewers or drains that are below ground level as a result of <b>flood</b>.</p>
<p><b>Fungus, Mold or Mildew</b> means: fungus, including but not limited to mildew and mold; wet rot; dry rot; or chemical matter or compounds produced or released by such fungus, wet rot or dry rot.</p>	<p><b>Fungus, Mold or Mildew</b> means: fungus, including but not limited to mildew and mold; wet rot; dry rot; or chemical matter or compounds produced or released by such fungus, wet rot or dry rot.</p>
<p><b>Location</b> means <b>described location</b>, Unnamed Location, or Newly Acquired Property.</p> <p><b>Money</b> means currency, coins, bank notes and bullion; and traveler checks, registered checks, and money orders held for sale to the public.</p> <p><b>Named Perils</b> means: fire, lightning, <b>wind and/or hail</b>, explosion, smoke, impact from aircraft and vehicles, objects falling from aircraft, strike, riot, civil commotion, vandalism, theft, attempted theft, sprinkler leakage, or collapse of buildings.</p>	<p><b>Location</b> means <b>described location</b>, Unnamed Location, or Newly Acquired Property.</p> <p><b>Money</b> means currency, coins, bank notes and bullion; and traveler checks, registered checks, and money orders held for sale to the public.</p> <p><b>Named Perils</b> means: fire, lightning, <b>wind and/or hail</b>, explosion, smoke, impact from aircraft and vehicles, objects falling from aircraft, strike, riot, civil commotion, vandalism, theft, attempted theft, sprinkler leakage, or collapse of buildings.</p>
<p><b>Occurrence</b> means the sum total of all loss or damage of the type insured, including any insured <b>business interruption</b> loss arising out of or caused by one discrete event of physical loss or damage, except</p> <p><b>1. Terrorism: Occurrence</b> will mean the sum total of all loss or damage of the type insured, including any insured <b>business interruption</b> loss, arising out of or caused by all acts of <b>terrorism</b> during a continuous period of seventy-two (72) hours.</p> <p><b>2. Earth Movement: Occurrence</b> will mean the sum</p>	<p><b>Occurrence</b> means the sum total of all loss or damage of the type insured, including any insured <b>business interruption</b> loss arising out of or caused by one discrete event of physical loss or damage, except</p> <p><b>1. Terrorism: Occurrence</b> will mean the sum total of all loss or damage of the type insured, including any insured <b>business interruption</b> loss, arising out of or caused by all acts of <b>terrorism</b> during a continuous period of seventy-two (72) hours.</p> <p><b>2. Earth Movement: Occurrence</b> will mean the sum</p>

AFFILIATED FM INSURANCE COMPANY  
 Filing AFF-2008-62  
 Policy Comparison for PRO ED 3100 vs. PRO HC 3100

**PRO ED 3100 (1/08)**

**PRO HC 3100 (12/08)**

total of all loss or damage of the type insured, including any insured <b>business interruption</b> loss, arising out of or caused by all <b>earth movement(s)</b> during a continuous period of seventy-two (72) hours.	total of all loss or damage of the type insured, including any insured <b>business interruption</b> loss, arising out of or caused by all <b>earth movement(s)</b> during a continuous period of seventy-two (72) hours.
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**Page 29**

**Explanation:** Added natural and made to flood definition. This was added to make it include that which is intended for the full definition. This is a clarification.

<p><b>Processing Water</b> means water that is contained within any enclosed tank, piping system or any other processing equipment.</p> <p><b>Raw Materials</b> mean materials and supplies in the state in which the Insured receives them for conversion by the Insured into <b>finished goods</b>.</p> <p><b>Research experiments</b> means supplies, materials, or equipment that is used or consumed solely in a research and development project.</p> <p><b>Securities</b> mean negotiable and non negotiable instruments or contracts representing <b>money</b> and includes: tokens; tickets; revenue and other stamps (whether represented by actual stamps or unused value in a meter); and evidence of debt issued in connection with credit card or charge cards that are not issued by the Insured. <b>Securities</b> do not mean <b>money</b>.</p> <p><b>Sewer Back Up</b> means water which backs up through sewers or drains that are below ground level. <b>Sewer back up</b> does not mean loss or damage from water, which backs up through sewers or drains that are below the ground as a result of <b>flood</b>.</p>	<p><b>Processing Water</b> means water that is contained within any enclosed tank, piping system or any other processing equipment.</p> <p><b>Raw Materials</b> mean materials and supplies in the state in which the Insured receives them for conversion by the Insured into <b>finished goods</b>.</p> <p><b>Research experiments</b> means supplies, materials, or equipment that is used or consumed solely in a research and development project.</p> <p><b>Securities</b> mean negotiable and non negotiable instruments or contracts representing <b>money</b> and includes: tokens; tickets; revenue and other stamps (whether represented by actual stamps or unused value in a meter); and evidence of debt issued in connection with credit card or charge cards that are not issued by the Insured. <b>Securities</b> do not mean <b>money</b>.</p> <p><b>Sewer Back Up</b> means water which backs up through sewers or drains that are below ground level. <b>Sewer back up</b> does not mean loss or damage from water, which backs up through sewers or drains that are below the ground as a result of <b>flood</b>.</p>
<p><b>Soft Costs</b> means the expenses over and above normal expenses at <b>locations</b> undergoing alterations or additions to existing property and property in the course of construction limited to the following:</p> <ol style="list-style-type: none"> <li>1. Construction loan fees - the additional cost incurred to rearrange loans necessary for the completion of construction, repairs or reconstruction including the cost to arrange refinancing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, and charges by the lenders for the extension or renewal of loans necessary.</li> <li>2. Commitment fees, leasing and marketing expenses - the cost of releasing and marketing of the Insured Project due to loss of tenant(s) or purchaser(s).</li> <li>3. Additional fees - for architects, engineers, consultants, attorneys and accountants needed for the completion of</li> </ol>	<p><b>Soft Costs</b> means the expenses over and above normal expenses at <b>locations</b> undergoing alterations or additions to existing property and property in the course of construction limited to the following:</p> <ol style="list-style-type: none"> <li>1. Construction loan fees - the additional cost incurred to rearrange loans necessary for the completion of construction, repairs or reconstruction including the cost to arrange refinancing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, and charges by the lenders for the extension or renewal of loans necessary.</li> <li>2. Commitment fees, leasing and marketing expenses - the cost of releasing and marketing of the Insured Project due to loss of tenant(s) or purchaser(s).</li> <li>3. Additional fees - for architects, engineers, consultants, attorneys and accountants needed for the completion</li> </ol>

AFFILIATED FM INSURANCE COMPANY  
 Filing AFF-2008-62  
 Policy Comparison for PRO ED 3100 vs. PRO HC 3100

**PRO ED 3100 (1/08)**

**PRO HC 3100 (12/08)**

<p>construction, repairs or reconstruction as a direct result of direct physical loss or damage.</p> <p>4. Carrying costs - building permits, additional interest on loans, insurance premiums and property and realty taxes.</p>	<p>of construction, repairs or reconstruction as a direct result of direct physical loss or damage.</p> <p>4. Carrying costs - building permits, additional interest on loans, insurance premiums and property and realty taxes.</p>
<p><b>Stock in Process</b> means <b>raw materials</b> or stock, which has undergone any aging, seasoning, mechanical or other process or manufacture, but which is not <b>finished goods</b>.</p> <p><b>Terrorism</b> means:</p> <p>Any act, involving the use or threat of: force, violence, dangerous conduct, interference with the operations of any business, government or other organization or institution, or any similar act,</p> <p>When the effect or apparent purpose is:</p> <p>To influence or instill fear in any government (de jure or de facto) or the public, or any segment of either; or to further, or to express support for, or opposition to, any political, religious, social, ideological or similar type of objective or position.</p> <p><b>Valuable Papers and Records</b> mean inscribed, printed or written: documents; manuscripts or records including abstracts; and, books, deeds, drawings, films, maps, or mortgages. Valuable Papers are not: <b>money, securities</b> and stamps; converted data programs or instructions used in the Insured's data processing operations; or, materials on which data is recorded.</p>	<p><b>Stock in Process</b> means <b>raw materials</b> or stock, which has undergone any aging, seasoning, mechanical or other process or manufacture, but which is not <b>finished goods</b>.</p> <p><b>Terrorism</b> means:</p> <p>Any act, involving the use or threat of: force, violence, dangerous conduct, interference with the operations of any business, government or other organization or institution, or any similar act,</p> <p>When the effect or apparent purpose is:</p> <p>To influence or instill fear in any government (de jure or de facto) or the public, or any segment of either; or to further, or to express support for, or opposition to, any political, religious, social, ideological or similar type of objective or position.</p> <p><b>Valuable Papers and Records</b> mean inscribed, printed or written: documents; manuscripts or records including abstracts; and, books, deeds, drawings, films, maps, or mortgages. Valuable Papers are not: <b>money, securities</b> and stamps; converted data programs or instructions used in the Insured's data processing operations; or, materials on which data is recorded.</p>
<p><b>Wind and/or Hail</b> means direct and/or indirect action of <b>wind and/or hail</b> and all loss or damage resulting therefrom including loss or damage caused when water vapor, spray not from <b>flood</b>, mist, rain, sleet, hail, snow, ice, sand, dust or any other substance, material, object or thing is carried, blown, driven or otherwise transported through the air by wind onto or into a <b>location</b>. <b>Wind and/or Hail</b> will not mean or include anything within the policy definition of <b>flood</b>, nor will <b>wind and/or hail</b> include any loss or damage caused by fire or explosion.</p>	<p><b>Wind and/or Hail</b> means direct and/or indirect action of <b>wind and/or hail</b> and all loss or damage resulting therefrom including loss or damage caused when water vapor, spray not from <b>flood</b>, mist, rain, sleet, hail, snow, ice, sand, dust or any other substance, material, object or thing is carried, blown, driven or otherwise transported through the air by wind onto or into a <b>location</b>. <b>Wind and/or Hail</b> will not mean or include anything within the policy definition of <b>flood</b>, nor will <b>wind and/or hail</b> include any loss or damage caused by fire or explosion.</p>

Pages 29 - 31

**Explanation:** No change.

<p><b>A. <u>POLICY TERM:</u></b></p> <p><b>B. <u>NAMED INSURED:</u></b></p> <p><b>C. <u>POLICY LIMIT:</u></b></p> <p><b>D. <u>INSURANCE PROVIDED:</u></b></p> <p><b>E. <u>SUB-LIMITS:</u></b></p> <p>Unless otherwise stated below, the following sub-limits of liability will apply on a per occurrence basis for all coverages provided, and are part of, not in addition to, the above limit(s) of liability.</p> <p>For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy.</p> <p>1. \$_____ <b>Earth Movement</b> (Annual Aggregate, for all coverages provided)</p> <p>2. \$_____ <b>Flood</b> (Annual Aggregate, for all coverages provided)</p> <p>3. _____ <b>Extra Expense</b> -- The Company will pay the greater of the sub-limit or 15% of the reported annual Business Interruption values.</p>	<p><b>A. <u>POLICY TERM:</u></b></p> <p><b>B. <u>NAMED INSURED:</u></b></p> <p><b>C. <u>POLICY LIMIT:</u></b></p> <p><b>D. <u>INSURANCE PROVIDED:</u></b></p> <p><b>E. <u>SUB-LIMITS:</u></b></p> <p>Unless otherwise stated below, the following sub-limits of liability will apply on a per occurrence basis for all coverages provided, and are part of, not in addition to, the above limit(s) of liability.</p> <p>For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy.</p> <p>1. \$_____ <b>Earth Movement</b> (Annual Aggregate, for all coverages provided)</p> <p>2. \$_____ <b>Flood</b> (Annual Aggregate, for all coverages provided)</p> <p>3. \$_____ <b>Extra Expense</b> -- <u>This</u> Company will pay the greater of the sub-limit or 15% of the reported annual Business Interruption values.</p>
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AFFILIATED FM INSURANCE COMPANY

Filing AFF-2008-62

S-1 PRO ED 3100 (1/08)

vs.

S-1 PRO HC 3100 (12/08)

**F. EXTENSIONS OF COVERAGE (EOC)  
SUB-LIMITS:**

The following sub-limits of liability will apply on a per occurrence basis for all coverages provided, unless otherwise stated below, and are part of, not in addition to the above limit(s) of liability.

For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy.

**All Risk EOC Sub-Limits:**

1. \$ \_\_\_\_\_ Fire Fighting Materials and Expenses
2. \$ \_\_\_\_\_ Professional Fees
3. \$ \_\_\_\_\_ Expediting Expenses
4. \$ \_\_\_\_\_ Trees, Shrubs, Plants and Lawns not to exceed a limit of \$1,000 per item
5. \$ \_\_\_\_\_ Pavements and Roadways
6. \$ \_\_\_\_\_ Land and Water Clean Up Expense (Annual Aggregate, for all coverages provided)
7. \$ \_\_\_\_\_ Installation Floater
8. \$ \_\_\_\_\_ Newly Acquired Property
9. \$ \_\_\_\_\_ Unnamed Locations Coverage — ~~North America~~
10. \$ \_\_\_\_\_ Fine Arts
11. \$ \_\_\_\_\_ Accounts Receivable
12. \$ \_\_\_\_\_ A. Valuable Papers and Records excluding library books  
\$ \_\_\_\_\_ B. Library Books not to exceed \$50.00 per book
13. \$ \_\_\_\_\_ Electronic Data Processing, Data and Media
14. Demolition and Increased Cost of Construction  
Policy Limit    Item A: Undamaged Portion  
\$ \_\_\_\_\_ Item B: Demolition  
\$ \_\_\_\_\_ Item C: Compliance with the Law  
\$ \_\_\_\_\_ Item D: Business Interruption
15. \$ \_\_\_\_\_ Errors and Omissions
16. \$ \_\_\_\_\_ Transit
17. Terrorism Coverage and the Supplemental United States Certified Act of Terrorism Endorsement  
\$ \_\_\_\_\_ A. United States Certified Act of Terrorism coverage  
Not Covered    B. Terrorism Coverage for Locations Outside of the United States (Annual

**F. EXTENSIONS OF COVERAGE (EOC)  
SUB-LIMITS:**

The following sub-limits of liability will apply on a per occurrence basis for all coverages provided, unless otherwise stated below, and are part of, not in addition to the above limit(s) of liability.

For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy.

**All Risk EOC Sub-Limits:**

1. \$ \_\_\_\_\_ Fire Fighting Materials and Expenses
2. \$ \_\_\_\_\_ Professional Fees
3. \$ \_\_\_\_\_ Expediting Expenses
4. \$ \_\_\_\_\_ Trees, Shrubs, Plants and Lawns not to exceed a limit of \$1,000 per item
5. \$ \_\_\_\_\_ Pavements and Roadways
6. \$ \_\_\_\_\_ Land and Water Clean Up Expense (Annual Aggregate, for all coverages provided)
7. \$ \_\_\_\_\_ Installation Floater
8. \$ \_\_\_\_\_ Newly Acquired Property
9. \$ \_\_\_\_\_ A. Unnamed Locations Coverage  
\$ \_\_\_\_\_ B. Unnamed Locations World-Wide
10. \$ \_\_\_\_\_ Fine Arts
11. \$ \_\_\_\_\_ Accounts Receivable
12. \$ \_\_\_\_\_ A. Valuable Papers and Records excluding Library Books  
\$ \_\_\_\_\_ B. Library Books not to exceed a limit of \$50.00 per book
13. \$ \_\_\_\_\_ Electronic Data Processing, Data and Media
14. Demolition and Increased Cost of Construction  
Policy Limit    Item A: Undamaged Portion  
\$ \_\_\_\_\_ Item B: Demolition  
\$ \_\_\_\_\_ Item C: Compliance with the Law  
\$ \_\_\_\_\_ Item D: Business Interruption
15. \$ \_\_\_\_\_ Errors and Omissions
16. \$ \_\_\_\_\_ Transit
17. Terrorism Coverage and the Supplemental United States Certified Act of Terrorism Endorsement  
\$ \_\_\_\_\_ A. United States Certified Act of Terrorism coverage  
Not Covered    B. Terrorism Coverage for Locations Outside of the United States (Annual

**AFFILIATED FM INSURANCE COMPANY**

Filing AFF-2008-62

S-1 PRO ED 3100 (1/08)

vs.

S-1 PRO HC 3100 (12/08)

Aggregate, for all coverages provided) 18. \$ _____ Fungus, mold or mildew	Aggregate, for all coverages provided) 18. \$ _____ Fungus, mold or mildew
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**Page 2**

**Explanation:** For 9. Unnamed locations, deleted North America and added a world-wide item-broadening. Other changes were grammatical in nature.

19. \$ _____ <del>Deferred Payment</del> 20. \$ _____ Off-Premises Service Interruption – Property Damage  21. \$ _____ Arson or Theft Reward 22. \$ _____ Money and Securities 23. \$ _____ Locks and Keys 24. \$ _____ Tenants Legal Liability and Expense 25. \$ _____ Soft Costs 26. \$ _____ Research and Development Not to exceed \$ _____ per animal  27. \$ _____ Personal Property of <del>Students and Teachers</del> not to exceed \$10,000 Per <del>Student or Teacher</del> (Annual Aggregate, for all coverages provided)	19. \$ _____ <u>Prizes and Giveaways</u> 20. \$ _____ Off-Premises Service Interruption - Property Damage 21. \$ _____ Arson or Theft Reward 22. \$ _____ Money and Securities 23. \$ _____ Locks and Keys 24. \$ _____ Tenants Legal Liability and Expense 25. \$ _____ Soft Costs 26. Research and Development \$ _____ <u>Research Animals</u> Not to exceed \$1,000 per animal \$ _____ <u>Research Experiments</u> 27. \$ _____ <u>Patients</u> Personal Property not to exceed <u>a limit of \$10,000 Per Patient</u> (Annual Aggregate, for all coverages provided) 28. \$ _____ <u>Interruption by</u> <u>Communicable Disease</u> (Annual Aggregate, for all coverages provided) 29. \$ _____ <u>Change in Temperature</u> 30. <u>Mobile Medical and Mobil Diagnostic</u> <u>Equipment Floater</u> \$ _____ <u>A. Personal Property</u> <u>Not Covered</u> <u>B. Business Interruption</u> 31. \$ _____ <u>Defense Costs for Property</u> <u>of Others</u>
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**Page 2**

**Explanation:** Continued numbering the coverages. Item 19 changed deferred payment to prizes and giveaways-neutral. Item 26, added Policy Limit for Research Experiments-broadening. Added 28-31: Interruption by Communicable Disease; 29. Change in Temperature; 30 Mobile Medical and Mobile Diagnostic Equipment Floater; and 31. Defense Costs for Property of Others - broadening.

<p><b><u>Business Interruption Extensions of Coverage</u></b>  <b><u>Sub-Limits:</u></b></p> A. _____ Days of Ordinary Payroll B. _____ Days of Civil Authority C. \$ _____ Off-Premises Service Interruption D. \$ _____ Contingent Business Interruption E. \$ _____ Research and Development Expense F. \$ _____ Ingress/Egress G. \$ _____ Tax Treatment	<p><b><u>Business Interruption - Extensions of Coverage</u></b>  <b><u>Sub-Limits:</u></b></p> A. _____ Days of Ordinary Payroll B. _____ Days of Civil Authority C. \$ _____ Off-Premises Service Interruption D. \$ _____ Contingent Business Interruption E. \$ _____ Research and Development Expense F. \$ _____ Ingress/Egress G. \$ _____ Tax Treatment
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S-1 PRO ED 3100 (1/08)

vs.

S-1 PRO HC 3100 (12/08)

<p>H. \$ _____ Emergency Vacating Expense</p> <p>I. _____ Days of Extended Period of Indemnity</p> <p>The above Extensions of Coverage (EOC) Sub-limits of liability will be the maximum payable for property damage and business interruption (if applicable) resulting from such property damage, or any combination thereof.</p> <p>With respect to Items A. and I. the number of days is part of and not in excess to any other outstanding sub-limits of liability.</p>	<p>H. \$ _____ <u>Contractual Penalties</u></p> <p>I. \$ _____ <u>Fund Raising Expense</u></p> <p>J. \$ _____ <u>Professional Employee Replacement Expense (Annual Aggregate, for all coverages provided)</u></p> <p>K. \$ _____ <u>Patient and Tenant Relocation Expense (Annual Aggregate, for all coverages provided)</u></p> <p>L. \$ _____ <u>Emergency Vacating Expense (Annual Aggregate, for all coverages provided)</u></p> <p>M. _____ <u>Days of Extended Period of Indemnity</u></p> <p>The above Extensions of Coverage sub-limits of liability will be the maximum payable for property damage and business interruption (if applicable) resulting from such property damage, or any combination thereof.</p> <p>With respect to items A. and <u>M.</u> the number of days is part of and not in excess to any other outstanding sub-limits of liability.</p>
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<b>Page 2</b>
<b>Explanation:</b> Added Contractual Penalties; Fund Raising Expense; Professional Employee Replacement Expense (Annual Aggregate, for all coverages provided); Patient and Tenant Relocation Expense (Annual Aggregate, for all coverages provided); and to - Emergency Vacating Expense, (Annual Aggregate, for all coverages provided). These are broadening.

<p><b><u>G. DEDUCTIBLE AMOUNT:</u></b></p> <p>The following deductible amounts shall apply per occurrence for loss or damage under this policy in the respective loss categories indicated:</p> <p>1. \$ _____ All Other Losses.</p> <p><b><u>H. SPECIAL TERMS AND CONDITIONS:</u></b></p> <p><b><u>I. INDEX OF FORMS:</u></b></p> <p>The following forms are made part of this policy:</p>	<p><b><u>G. DEDUCTIBLE AMOUNT:</u></b></p> <p>The following deductible amounts shall apply per occurrence for loss or damage under this policy in the respective loss categories indicated:</p> <p>1. \$ _____ All Other Losses.</p> <p><b><u>H. SPECIAL TERMS AND CONDITIONS:</u></b></p> <p><b><u>L. INDEX OF FORMS:</u></b></p> <p>The following forms are made part of this policy:</p>
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<b>Explanation:</b> No change.
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<u>Title</u>	<u>Form</u>	<u>No.</u>	<u>Title</u>	<u>Form</u>	<u>No.</u>
Declarations Etc.	S-1 PRO <del>ED</del> 3100	( <del>4</del> /08)	Declarations Etc.	S-1 PRO <u>HC</u> 3100	( <u>12</u> /08)

<b>Explanation:</b> Form number change.
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 Business Interruption Forms

**PRO GE-EE ED 3200 (1/08)**

**PRO GE-EE HC 3200 (12/08)**

**Education Business Interruption  
~~Tuition and Fees~~ / Gross  
 Earnings / Rents / Extra Expense**

**Healthcare Form Business Endorsement  
 Interruption Endorsement Gross Earnings  
 / Rents / Extra Expense**

<p><b>1. COVERAGE PROVIDED:</b></p> <p>In consideration of additional premium, this policy is extended to cover the actual loss sustained by the Insured due to the necessary interruption of production or business operations or services during the period of interruption of the following:</p> <p><b>A. <del>Tuition and Fees</del>, Gross Earnings, Rents, and Expense to Reduce Loss; and</b></p> <p><b>B. Extra Expense;</b></p> <p>Directly resulting from direct physical loss or damage insured by this policy to property not excluded, utilized by the insured, and at a <b>location</b>, but only to the extent the Insured is unable to make up production and resume or continue operations or services, partially or entirely, by utilizing damaged or undamaged property all whether or not at a <b>location(s)</b>.</p>	<p><b>1. <u>COVERAGE PROVIDED:</u></b></p> <p>In consideration of additional premium, this policy is extended to cover the actual loss sustained by the Insured due to the necessary interruption of production or business operations or services during the period of interruption of the following:</p> <p><b>A. Gross Earnings, Rents, and Expense to Reduce Loss; and</b></p> <p><b>B. Extra Expense;</b></p> <p>Directly resulting from direct physical loss or damage insured by this policy to property not excluded, utilized by the insured, and at a <b>location</b>, but only to the extent the Insured is unable to make up production and resume or continue operations or services, partially or entirely, by utilizing damaged or undamaged property all whether or not at a <b>location(s)</b>.</p> <p><u>As respects to Item A. above, the amount payable shall be limited to the extent the Insured is able to demonstrate a loss of sales for the production or business operations or services prevented.</u></p>
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<b>Page 1</b>
<b>Explanation:</b> The last paragraph is added as it applies to health care services as well as other operations.

<p><b>2. CONDITIONS:</b></p> <p>In determining the loss payable under this endorsement, this company will give consideration to:</p> <p><b>A. The experience of the business before and the probable experience during the period of interruption.</b></p> <p><b>B. The continuation of only those normal</b></p>	<p><b>2. <u>CONDITIONS:</u></b></p> <p>In determining the loss payable under this endorsement, this company will give consideration to:</p> <p><b>A. The experience of the business before and after and the probable experience during the period of interruption.</b></p> <p><b>B. The continuation of only those normal</b></p>
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charges and expenses that would have existed had no interruption of production or business operations or services occurred.	charges and expenses that would have existed had no interruption of production or business operations or services occurred.
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<b>Page 1</b>
<b>Explanation:</b> There is no change.

<p><b>3. PERIOD OF INTERRUPTION:</b></p> <p>For the purposes of determining the loss payable under this endorsement due to an interruption of production or business operation or services at a <b>location</b> resulting from direct physical loss or damage this company will apply the following:</p> <p><b><del>A. For Tuition and Fees:</del></b></p> <p><del>1. The period from the time of such loss or damage insured by this policy,</del></p> <p><del>To the time</del></p> <p><del>2. When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced and made ready for production or business operations or services under the same or equivalent physical operating conditions at the <b>location</b> that existed prior to such loss or damage, and</del></p> <p><del>If such period of time for repairing or replacing damaged building(s) and equipment ends within 30 days immediately preceding the beginning of the next school term, then the period of interruption is extended for the additional time to restore the Insured's business, with due diligence and dispatch, to the probable experience that would have existed had no such loss or damage causing an interruption of production or business operation or services occurred. This additional time will not exceed 365 days.</del></p> <p><b>B. For Business Operations:</b> The period of interruption is:</p> <p>1. The period from the time of such loss or damage insured by this policy,</p> <p>To the time</p>	<p><b><u>3. PERIOD OF INTERRUPTION:</u></b></p> <p>For the purposes of determining the loss payable under this endorsement due to an interruption of production or business operation or services at a <b>location</b> directly resulting from direct physical loss or damage this company will apply the following:</p> <p><b>A. For Business Operations:</b> The period of interruption is:</p> <p>1) The period from the time of such loss or damage insured by this policy,</p> <p>To the time</p>
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<p>2. When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced and made ready for production or business operations or services under the same or equivalent physical operating conditions at the <b>location</b> that existed prior to such loss or damage.</p> <p><b>C. For Buildings in the Course of Construction/Renovation:</b> The period of interruption for alterations or additions to existing property and property in the course of construction will be determined as follows:</p> <p>1. The period from the time of such loss or damage insured by this policy,</p> <p>To the time</p> <p>2. When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced to the same or equivalent degree of completion at the <b>location</b> that existed prior to such loss or damage.</p> <p>This period of time will be applied to the level of production or business operations or services that would have been reasonably achieved after construction and startup would have been completed had no such loss or damage happened.</p> <p>The Period of Interruption in <b>A.</b>, <b>B.</b>, and <b>C.</b> above:</p> <p>1. Will include that period of time for which physically lost or damaged <b>raw materials</b> would have supplied production or business operating or servicing needs.</p> <p>2. Will not include any additional time resulting from the inability to procure suitable <b>raw materials</b> and/or supplies to replace those physically damaged or destroyed.</p>	<p>2) When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced and made ready for production or business operations or services under the same or equivalent physical operating conditions at the <b>location</b> that existed prior to such loss or damage; <u>except</u></p> <p><b>B. For Property in the Course of Construction/Renovation:</b> The period of interruption for alterations or additions to existing property and property in the course of construction will be determined as follows:</p> <p>1) The period from the time of such loss or damage insured by this policy,</p> <p>To the time</p> <p>2) When, with due diligence and dispatch, such lost or damaged property could be repaired or replaced to the same or equivalent degree of completion at the <b>location</b> that existed prior to such loss or damage.</p> <p>This period of time will be applied to the level of production or business operations or services that would have been reasonably achieved after construction and startup would have been completed had no direct physical loss or damage happened.</p> <p>The Period of Interruption in items <b>A.</b> and <b>B.</b> above:</p> <p>1) Will include that period of time for which physically lost or damaged <b>raw materials</b> would have supplied production or business operating or servicing needs.</p> <p>2) Will not include any additional time resulting from the inability to procure suitable <b>raw materials</b> and/or supplies to replace those physically damaged or destroyed.</p>
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<p>3. Will not include any additional time required for making change(s) to the buildings, or structures, for any reason except as set forth in Section D. Extensions of Coverage Item 14. Demolition and Increased Cost of Construction nor any additional time for re-staffing or retraining employees, nor for any additional time due to the insured's inability to resume operations regardless of the reason.</p> <p>4. Will not be limited by the expiration of this policy.</p> <p>5. Will not exceed 12 months from the inception of direct physical loss or damage caused by or resulting from <b>terrorism</b>.</p>	<p>3) Will not include any additional time required for making change(s) to the buildings, or structures, for any reason except as set forth in Section D. Extensions of Coverage Item 14. Demolition and Increased Cost of Construction <u>extension contained within the policy</u>, nor any additional time for re-staffing or retraining employees, nor for any additional time due to the Insured's inability to resume operations regardless of the reason.</p> <p>4) Will not be limited by the expiration of this policy.</p> <p>5) Will not exceed 12 months from the inception of direct physical loss or damage caused by or resulting from <b>terrorism</b>.</p>
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**Pages 1 - 2**

**Explanation:** Minor number changes were made. Tuition and fees deleted since they are inapplicable. Added the word except to show only the extent of coverage. Clarification of a reference regarding increased cost of construction. No change in coverage.

<p><b>4. LIMIT OF LIABILITY:</b></p> <p>This company's maximum limit of liability per <b>occurrence</b> for all loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.</p> <p><b>A. Extra Expense Sub-Limit</b></p> <p><u>This</u> company's maximum limit of liability per occurrence for all <b>extra expense</b> loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.</p> <p><b>B. Extensions of Coverage</b></p> <p>This company's maximum sub-limit of liability per <b>occurrence</b> for all of the Section 5. Extensions of Coverage are shown in the declarations section.</p>	<p><b>4. <u>LIMIT OF LIABILITY:</u></b></p> <p>This company's maximum limit of liability per <b>occurrence</b> for all loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.</p> <p><b>Extra Expense Sub-Limit</b></p> <p>This company's maximum limit of liability per <b>occurrence</b> for all <b>extra expense</b> loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.</p> <p><b>Extensions of Coverage</b></p> <p>This company's maximum sub-limit of liability per <b>occurrence</b> for all the Section 5., Extensions of Coverage are shown in the declarations section.</p>
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<b>Page 2</b>
<b>Explanation:</b> There is no change except editorial.

<b>5. Extensions of Coverage</b>	<b>5. Extensions of Coverage</b>
<p>The following coverages apply, subject to the terms and conditions of the policy, and to the extent shown in the declarations section. Extensions of Coverage C., D., E., F., G., H and I. do not provide coverage for loss caused by or resulting from <b>terrorism</b>.</p> <p><b>A. Ordinary Payroll:</b></p> <p>This policy is extended to cover the actual loss sustained of <b>ordinary payroll</b> during the period of interruption as a direct result of direct physical loss or damage insured by this policy, to property not excluded, utilized by the insured, and at a <b>location</b>, causing an interruption of production or business operations or services which results in a loss of <del>tuition and fees</del> or of <b>gross earnings</b>. This coverage is provided for no more than the number of consecutive days shown in the declarations section, and only to the extent that such payroll would have been earned had no interruption occurred.</p> <p>If the Insured reduces the daily loss otherwise payable under this extension, either by:</p> <ol style="list-style-type: none"> <li>1. Providing gainful employment for; or</li> <li>2. Paying less than the normal payroll rate to;</li> </ol> <p>All or part of its employees, then the number of consecutive days provided above may be extended in proportion to such reduction of loss otherwise payable. In no event will this provision increase the total liability of this company beyond the amount for which it would have been liable for this coverage without this additional provision.</p>	<p>The following coverages apply, subject to the terms and conditions of the policy, and to the extent shown in the declarations section. Extensions of Coverage C., D., E., F., G., <u>H.</u>, <u>I.</u>, <u>J.</u>, <u>K.</u>, <u>L.</u>, and <u>M.</u> do not provide coverage for loss caused by or resulting from <b>terrorism</b>.</p> <p><b>A. Ordinary Payroll:</b></p> <p>This policy is extended to cover the actual loss sustained of <b>ordinary payroll</b> during the period of interruption as a direct result of direct physical loss or damage insured by this policy, to property not excluded, utilized by the insured and at a <b>location</b>, causing an interruption of production or business operations or services which results in a loss of <b>gross earnings</b>. This coverage is provided for no more than the number of consecutive days as shown in the declarations section, and only to the extent that such payroll would have been earned had no interruption occurred.</p> <p>If the Insured reduces the daily loss otherwise payable under this extension, either by:</p> <ol style="list-style-type: none"> <li>1) Providing gainful employment for; or</li> <li>2) Paying less than the normal payroll rate to;</li> </ol> <p>All or part of its employees, then the number of consecutive days provided above may be extended in proportion to such reduction of loss otherwise payable. In no event will this provision increase the total liability of this company beyond the amount for which it would have been liable for this coverage without this additional provision.</p>

<b>Page 3</b>
<b>Explanation:</b> References to new coverages added.

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<p><b>B. Civil Authority:</b></p> <p>This policy is extended to cover <b>business interruption</b> when, as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy, at the <b>location</b> or within five of statute miles of it, access to the <b>location</b> is prohibited by order of civil authority. This coverage is provided for no more than the number of consecutive days as shown in the declarations section starting from the time of such order of civil authority.</p> <p><b>C. Off-Premises Service Interruption:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of the interruption of the following incoming and outgoing services. The loss of such services must be <del>a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy</del> at the facilities of the service provider(s).</p> <p>Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.</p> <p>This coverage does not apply to: service interruption due to deliberate act(s) by the supplying entity to shed load, to maintain system integrity, <b>flood, earth movement</b>, contingent business interruption coverage, or at unnamed locations, whether or not such coverage is provided elsewhere in this policy. Resultant and concurrent interruptions are considered as one event.</p> <p><b>D. Contingent Business Interruption Coverage:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy at the premises of direct suppliers; direct customers; direct contract service suppliers; or of any company under any royalty, licensing fee or commission agreement.</p>	<p><b>B. Civil Authority:</b></p> <p>This policy is extended to cover <b>business interruption</b> when, as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy, at the <b>location</b> or within five statute miles of it, access to the <b>location</b> is prohibited by order of civil authority. This coverage is provided for no more than the number of consecutive days as shown in the declarations section starting from the time of such order of civil authority.</p> <p><b>C. Off-Premises Service Interruption:</b></p> <p>This policy is extended to cover <b>business interruption</b> caused by or resulting from the interruption of the following incoming and outgoing services. The interruption of such services must be <u>by reason of any accidental event</u> at the facilities of the service provider(s).</p> <p>Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.</p> <p>This coverage does not apply to: service interruption due to deliberate act(s) by the supplying entity to shed load, to maintain system integrity, <b>flood, earth movement</b>, contingent business interruption coverage, or at unnamed locations whether or not such coverage is provided elsewhere in this policy. Resultant and concurrent interruptions are considered as one event.</p> <p><b>D. Contingent Business Interruption Coverage:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy at the premises of direct suppliers; direct customers; direct contract service suppliers; or of any company under any royalty, licensing fee or commission agreement.</p>
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<p>Suppliers and/or customers do not include entities supplying to or receiving from a <b>location</b> electricity, fuel, water, steam, refrigeration, sewage or communications services of every type and description.</p> <p>Loss sustained by the insured resulting from <b>flood</b> and/or <b>earth movement</b> whether or not such coverage is provided elsewhere in this policy is not covered.</p> <p><b>E. Research and Development Expense:</b></p> <p>This policy is extended to cover <b>ordinary payroll</b> and loss of continuing fixed charges and expenses as a direct result of direct physical loss or damage insured by this policy to insured property not excluded at a <b>location</b> and utilized in research and development activities. The <b>ordinary payroll</b> and continuing fixed charges and expenses must be directly attributable to such research and development activities, which in themselves would not have produced income during the period of interruption.</p> <p><b>F. Ingress/Egress:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of physical loss or damage insured by this policy when ingress to or egress from a <b>location</b> is physically prevented by such loss or damage to property whether or not at the <b>location</b> of the Insured.</p> <p><b>G. Tax Treatment:</b></p> <p>This policy is extended to cover increased tax liability as a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy. If the tax liability is greater than the tax liability that would have been incurred had no such loss occurred, then this policy will cover only the increased tax liability for the profit portion of the physically damaged <b>finished goods</b>, and the profit portion of the <b>gross earnings</b> and <b>rents</b> loss.</p>	<p>Such parties above do not include entities supplying to or receiving from a <b>location</b> electricity, fuel, water, steam, refrigeration, sewage or communications services of every type and description.</p> <p>Loss sustained by the insured resulting from <b>flood</b> and/or <b>earth movement</b> whether or not such coverage is provided elsewhere in this policy is not covered.</p> <p><b>E. Research and Development Expense:</b></p> <p>This policy is extended to cover <b>ordinary payroll</b> and loss of continuing fixed charges and expenses as a direct result of direct physical loss or damage of the type insured by this policy to insured property not excluded at a <b>location</b> and utilized in research and development activities. The <b>ordinary payroll</b> and continuing fixed charges and expenses must be directly attributable to such research and development activities, which in themselves would not have produced income during the period of interruption.</p> <p><b>F. Ingress/Egress:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of physical loss or damage of the type insured by this policy when ingress to or egress from a <b>location(s)</b> is physically prevented by such loss or damage, to property whether or not at a <b>location</b> of the insured.</p> <p><b>G. Tax Treatment:</b></p> <p>This policy is extended to cover increased tax liability as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. If the tax liability is greater than the tax liability that would have been incurred had no such loss occurred, then this policy will cover only the increased tax liability for the profit portion of the physically damaged <b>finished goods</b>, and the profit portion of the <b>gross earnings</b> and <b>rents</b> loss.</p>
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**Pages 3-4**

**Explanation:** Deleted “direct result of direct physical loss or damage” wording and added the words “by reason of any accidental event”. This is a broadening.

**H. Contractual Penalties:**

This policy is extended to cover contractual penalties as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy.

Contractual penalties are penalties incurred by the insured due to late or non-completion of orders. Contractual penalties must be written in the provisions of a contract prior to the time of such direct physical loss or damage.

Contractual penalties will be limited to the contractual sales value of such late or non-completed orders.

**I. Fund Raising Expense:**

This policy is extended to cover the actual loss sustained of fixed charges and expenses related to fund raising activities or events, when such fund raising activities or events are interrupted or cancelled as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy.

**J. Professional Employee Replacement Expense:**

This policy is extended to cover the reasonable and necessary expense to replace professional employees, including but not limited to:

- 1) Administrators,
- 2) Doctors,
- 3) Nurses, and
- 4) Research personnel

Who resigned as a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy at a **location** and when the period of interruption resulting from such loss or damage exceeds 30

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	<p><u>consecutive days.</u></p> <p><u>This expense does not extend to third party contract employees or the rehiring of former employees who were employed by the Insured at the time of loss. Expenses incurred by the Insured for recruiting and advertising for professional employees before and after the loss or damage will be taken into consideration by this company.</u></p> <p><b><u>K. Patient and Tenant Relocation Expense:</u></b></p> <p><u>This policy is extended to cover the reasonable and necessary relocation expenses incurred by the Insured to relocate:</u></p> <p><b><u>1) Patients; residents; tenants; or</u></b></p> <p><b><u>2) Lawful occupants;</u></b></p> <p><u>To other quarters in the shortest possible time when patient rooms, rented space or living quarter(s) at a <b>described location</b> are made uninhabitable as a direct result of direct physical loss or damage insured by this policy.</u></p> <p><u>Coverage is provided for the reasonable and necessary expense of:</u></p> <p><b><u>1) Packing, sorting, and transportation cost for patients; residents; tenants; or lawful occupants, including their personal property;</u></b></p> <p><b><u>2) Reestablishing new utility services, less refunds from discontinued services, at the damaged location;</u></b></p> <p><b><u>3) Searching for new quarters;</u></b></p> <p><b><u>4) Disconnecting and reconnecting fixtures and equipment; and</u></b></p> <p><b><u>5) Storage costs while awaiting possession of other quarters or restoration of existing quarters.</u></b></p> <p><u>No coverage is provided for:</u></p> <p><b><u>1) Loss caused by the termination of a lease or other agreement;</u></b></p>
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<p><b>H. Emergency Vacating Expense</b></p> <p>This policy is extended to cover the reasonable and necessary vacating expenses incurred by the Insured when <del>an authorized governmental agency or other similar authority</del> orders the emergency evacuation of:</p> <ol style="list-style-type: none"> <li>1. Residents, tenants, or</li> <li>2. Lawful occupants,</li> </ol> <p>From a <b>described location</b> as a direct result of immediately impending physical loss or damage <del>insured by this policy that threatens immediately impending physical danger or loss of life to such residents, tenants, or lawful occupants.</del></p> <p>No coverage is provided if the evacuation results from:</p> <ol style="list-style-type: none"> <li>1. A planned evacuation drill;</li> <li>2. Evacuation of any resident, tenant, or lawful occupant because of an actual or suspected medical condition(s); or</li> <li>3. A false alarm.</li> </ol> <p><b>M. Extended Period of Indemnity:</b></p> <p>This policy is extended to cover <b>gross earnings</b> during the time it takes to restore the Insured's business, with due diligence and dispatch, to the probable experience that would have existed had no direct insured physical loss or damage causing an interruption of production or business operation or services occurred.</p> <p>This extension of time starts immediately after the period of interruption and runs for no more</p>	<p><u>2) Security deposits or other payments made to the landlord or lessors of the new quarters; or</u></p> <p><u>3) Down payments, legal fees and closing costs for the purchase of new quarters.</u></p> <p><b>L. Emergency Vacating Expense:</b></p> <p>This policy is extended to cover the reasonable and necessary vacating expenses incurred by the Insured when <u>a civil authority</u> orders the emergency evacuation of:</p> <ol style="list-style-type: none"> <li>1) Patients; residents; tenants; or</li> <li>2) Lawful occupants;</li> </ol> <p>From a <b>described location</b> as a direct result of immediately impending physical loss or damage <u>of the type</u> insured by this policy.</p> <p>No coverage is provided if the evacuation results from:</p> <ol style="list-style-type: none"> <li>1) A planned evacuation drill;</li> <li>2) Evacuation of any resident because of a medical condition(s); or</li> <li>3) A false alarm.</li> </ol> <p><b>M. Extended Period of Indemnity:</b></p> <p>This policy is extended to cover <b>gross earnings and rents</b> during the time it takes to restore the Insured's business, with due diligence and dispatch, to the probable experience that would have existed had no direct insured physical loss or damage causing an interruption of production or business operation or services occurred.</p> <p>This extension of time starts immediately after the period of interruption and runs for no more</p>
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<p>than the number of consecutive days shown in the declarations section. This extension does not extend the Period of Interruption for Section 5., Extensions of Coverage, Items; A., B., E., F., G. and H.</p>	<p>than the number of consecutive days <u>as</u> shown in the declarations section. This extension does not extend the period of interruption for Section 5., Extensions of Coverage, Items: A., B., E., F., G., H., <u>I., J., K., and L.</u></p>
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<b>Pages 3 – 6</b>
<p><b>Explanation:</b> Added coverages for Contractual Penalties; Fund Raising Expense; Professional Employee Replacement Expense; Patient and Tenant Relocation Expense; Emergency Vacating Expense Business Interruption Coverages. These are broadening. Also changed “an authorized governmental agency or other similar authority” to “a civil authority”. There is no change in intent.</p>

<p><b>6. EXCLUSIONS:</b></p> <p>This endorsement does not cover any of the following:</p> <p><b>A.</b> Any loss during any period in which goods would not have been produced or in which business operations or services, including rental activities, would not have been maintained for any reason other than the direct physical loss or damage insured by this policy.</p> <p><b>B.</b> Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order except as provided in Section 5., Extensions of Coverage, item I., Extended Period of Indemnity.</p> <p><b>C.</b> Any additional loss due to:</p> <ol style="list-style-type: none"> <li>1. Fines or damages for breach of contract,</li> <li>2. Late or non-completion of orders or penalties of any nature whatsoever, or</li> <li>3. Any other consequential or remote loss.</li> </ol> <p><b>D.</b> Any loss resulting from physical loss or damage to property in transit.</p> <p><b>E.</b> Any loss resulting from physical loss or damage to <b>finished goods</b> or the time required for their reproduction.</p> <p><b>F.</b> Any remaining or residual value of property obtained in reducing loss payable, in making up production, or in continuing the business</p>	<p><b>6. EXCLUSIONS:</b></p> <p>This endorsement does not cover any of the following:</p> <p><b>A.</b> Any loss during any period in which goods would not have been produced or in which business operations or services, including rental activities, would not have been maintained for any reason other than direct physical loss or damage insured by the policy.</p> <p><b>B.</b> Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order except as provided in Section 5., Extensions of Coverage, Item I., Extended Period of Indemnity.</p> <p><b>C.</b> Any additional loss due to:</p> <ol style="list-style-type: none"> <li>1) Fines or damages for breach of contract or for late or non-completion of orders,</li> <li>2) Penalties of any nature whatsoever, or</li> <li>3) Any other consequential or remote loss.</li> </ol> <p><b>D.</b> Any loss resulting from physical loss or damage to property in transit.</p> <p><b>E.</b> Any loss resulting from physical loss or damage to <b>finished goods</b> or the time required for their reproduction.</p> <p><b>F.</b> Any remaining or residual value of property obtained in reducing loss payable, in</p>
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<p>operations or services.</p> <p><b>G.</b> Any loss resulting from the actual cash value portion of direct physical loss or damage by fire caused by or resulting from <b>terrorism</b>.</p>	<p>making up production, or in continuing the business operations or services.</p> <p><b>G.</b> Any loss resulting from the actual cash value portion of direct physical loss or damage by fire caused by or resulting from <b>terrorism</b>.</p>
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<b>Pages 6 – 7</b>
<b>Explanation:</b> There is no change except numerical.

<p><b>7. DEFINITIONS:</b></p> <p><b>Business Interruption</b> means <b>Tuition and Fees, Gross Earnings, Rents, Expense to Reduce Loss, Extra Expense, and Ordinary Payroll.</b></p> <p><b>A. Expense to Reduce Loss means:</b></p> <p>The expenses, over and above normal operating expenses incurred during the period of interruption that reduce loss otherwise payable but only to the extent that such loss has been reduced.</p> <p><b>B. Extra Expense</b> means:</p> <p>The reasonable and necessary expenses in excess of normal incurred by the Insured during the period of interruption to:</p> <ol style="list-style-type: none"> <li>1. Temporarily continue as nearly normal the conduct of the Insured’s business,</li> <li>2. Temporarily use the property of the Insured or others,</li> </ol> <p>all less any value remaining at the end of the period of interruption for property obtained in connection with the above.</p> <p><b>Extra expense</b> does not mean:</p> <ol style="list-style-type: none"> <li>1. Any loss of income.</li> <li>2. Expenses that normally would have been incurred in the conduct of the Insured’s business.</li> </ol>	<p><b>7. DEFINITIONS:</b></p> <p><b>Business Interruption</b> means <b>gross earnings, rents, expense to reduce loss, extra expense, and ordinary payroll.</b></p> <p><b>Expense to Reduce Loss</b> means:</p> <p>The expenses, over and above normal operating expenses incurred during the period of interruption that reduce loss otherwise payable but only to the extent that such loss has been reduced.</p> <p><b>Extra Expense</b> means:</p> <p>The reasonable and necessary expenses in excess of normal incurred by the insured during the period of interruption to:</p> <ol style="list-style-type: none"> <li>1) Temporarily continue as close to normal the conduct of the Insured’s business.</li> <li>2) Temporarily use the property of the Insured or others,</li> </ol> <p>All less any value remaining at the end of the period of interruption for property obtained in connection with the above.</p> <p><b>Extra Expense</b> does not mean:</p> <ol style="list-style-type: none"> <li>1) Any loss of income.</li> <li>2) Expenses that normally would have been incurred in the conduct of the Insured’s business.</li> </ol>
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<p><b>3.</b> Cost of permanent repair or replacement of property that has been damaged or destroyed.</p> <p><b>C. Gross Earnings</b> means:</p> <p><b>1.</b> <del>For manufacturing operations</del>, the net sales value of production,</p> <p><del><b>2.</b> For non-manufacturing operations the total net sales,</del></p> <p>Less the cost of <del>all</del>:</p> <ol style="list-style-type: none"> <li><b>1.</b> Raw stock,</li> <li><b>2.</b> Materials and supplies,</li> <li><b>3.</b> Services rendered by the Insured,</li> <li><b>4. Ordinary payroll,</b></li> <li><b>5.</b> Charges and expenses that do not continue, and</li> <li><b>6.</b> Merchandise sold,</li> </ol> <p>Plus all other earnings derived from operations of the business excluding rents <del>and tuition and fees.</del></p> <p><b>D. Ordinary Payroll</b> means:</p> <ol style="list-style-type: none"> <li><b>1.</b> Wages of all employees except officers, executives, department managers, and employees under contract or similar key employees; and</li> <li><b>2.</b> Includes taxes and charges dependent on the payment of those wages.</li> </ol> <p><b>E. Rents</b> means:</p> <p>When Insured property cannot be occupied:</p> <ol style="list-style-type: none"> <li><b>1.</b> The fair rental value of any portion of the property occupied by the Insured;</li> <li><b>2.</b> Income reasonably expected from the rentals of unoccupied or un-rented portions of such property; and</li> </ol>	<p><b>3)</b> Cost of permanent repair or replacement of property that has been damaged or destroyed.</p> <p><b>Gross Earnings</b> means:</p> <p>The net sales value of production <u>lost during the period of interruption</u>, less the cost of:</p> <ol style="list-style-type: none"> <li><b>1)</b> Raw stock;</li> <li><b>2)</b> Materials and supplies;</li> <li><b>3)</b> Services rendered by the Insured;</li> <li><b>4) Ordinary payroll;</b></li> <li><b>5)</b> Charges and expenses that do not continue; and</li> <li><b>6)</b> Merchandise sold.</li> </ol> <p>Plus all other earnings derived from operations of the business excluding <b>rents.</b></p> <p><b>Ordinary Payroll</b> means:</p> <ol style="list-style-type: none"> <li><b>1)</b> Wages of all employees except officers, executives, department managers, and employees under contract or similar key employees; and</li> <li><b>2)</b> Includes taxes and charges dependent on the payment of those wages.</li> </ol> <p><b>Rents</b> means:</p> <p>When Insured property cannot be occupied:</p> <ol style="list-style-type: none"> <li><b>1)</b> The fair rental value of any portion of the property occupied by the Insured;</li> <li><b>2)</b> Income reasonably expected from the rentals of unoccupied or un-rented portions of such property; and</li> </ol>
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<p><b>3.</b> The rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements, in force at the time of loss;</p> <p>Less the cost of all charges and expenses that do not continue during the period of interruption.</p> <p><b><del>F. Tuition and Fees</del></b> means;</p> <p><del>The sum of tuition, fees and other income from students; less cost of merchandise sold, materials and supplies consumed, services rendered by the Insured, and charges and expenses that do not continue.</del></p> <p>All other terms and conditions of this policy remain unchanged.</p>	<p><b>3)</b> The rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements, in force at the time of loss;</p> <p>Less the cost of all charges and expenses that do not continue during the period of interruption.</p> <p>All other terms and conditions of this policy remain unchanged.</p>
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<b>Pages 7 – 8</b>
<b>Explanation:</b> Minor numbering changes were made. Deleted references to manufacturing operations as, like Tuition and Fees coverage do not apply to Health Care risks.

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**Business Interruption Endorsement  
~~Tuition and Fees~~ / Gross Profit/ Rents  
 /Extra Expense**

**Business Interruption Endorsement  
 Gross Profit/ Rents/ Extra Expense**

**PRO GP-EE 3240 ED (1/08)**

**PRO GP-EE HC 3240 (12/08)**

<p><b>1. COVERAGE PROVIDED:</b></p> <p>In consideration of additional premium, this policy is extended to cover the actual loss sustained by the Insured due to the necessary interruption of business operations during the period of indemnity of the following:</p> <p><b>A. Gross Profit, Rents and <del>Increased Cost of Working</del>; and</b></p> <p><b>B. Extra Expense;</b></p> <p>Directly resulting from direct physical loss or damage insured by this policy to property not excluded, utilized by the insured, and at a <b>location</b>, but only to the extent the Insured is unable to make up <b>sales</b> and reduce the amount of loss payable, partially or entirely, by using any suitable property or service owned, controlled or obtained from other sources all whether or not at a <b>location(s)</b>.</p> <p>In respect to item A. above, the amount payable shall be limited to such loss resulting from a <b>reduction in sales</b> and <del>increased cost of working</del>.</p>	<p><b>1. COVERAGE PROVIDED:</b></p> <p>In consideration of additional premium, this policy is extended to cover the actual loss sustained by the Insured due to the necessary interruption of business operations during the period of indemnity of the following:</p> <p><b>A. Gross Profit, Rents and <u>Expense to Reduce Loss</u>; and</b></p> <p><b>B. Extra Expense;</b></p> <p>Directly resulting from direct physical loss or damage insured by this policy to property not excluded, utilized by the Insured, and at a <b>location</b>, but only to the extent the Insured is unable to make up <b>sales</b> and reduce the amount of loss payable, partially or entirely, by using any suitable property or service owned, controlled or obtained from other sources all whether or not at a <b>location(s)</b>.</p> <p>In respect to item A. above, the amount payable shall be limited to such loss resulting from a <b>reduction in sales</b> and <u>expense to reduce loss</u>.</p>
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<b>Page 1</b>
<b>Explanation:</b> Replaced Increased Cost of Working with Expense to Reduce Loss. This has been done throughout the form. The terminology is different; no change in coverage.

<p><b>2. CONDITIONS:</b></p> <p>In determining the loss payable under this endorsement:</p> <p><b>A. This company will consider:</b></p> <p><b>1. Any amount recovered elsewhere under this policy for loss or damage to:</b></p>	<p><b>2. CONDITIONS:</b></p> <p>In determining the loss payable under this endorsement:</p> <p><b>A. This company will consider:</b></p> <p><b>1) Any amount recovered elsewhere under this policy for loss or damage to:</b></p>
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<p>a) <b>Finished goods</b>; or          b) Merchandise;</p> <p>As if sold to the Insured's regular customers.</p> <p>2. The experience of the business before and after and the probable experience of the business during the period of indemnity.</p> <p>3. Any goods sold or services rendered at any <b>location</b> whether insured or not for the benefit of the business, either by the Insured or others on the Insured's behalf shall be included in arriving at the amount of <b>sales</b> during the period of indemnity.</p> <p>B. The Insured agrees to use overtime, extra time and any suitable property or service owned or controlled by the Insured or obtainable from other sources in order to continue <b>sales</b> and to reduce loss payable.</p> <p>C. The Insured must act with due diligence and dispatch in repairing or replacing the physically damaged property to the same or equivalent physical and operating conditions that existed prior to the damage in order to continue <b>sales</b> and reduce the loss payable under this endorsement.</p> <p>D. If there are any fixed charges that are not insured under this endorsement, then in computing the amount recoverable under the <del>increased cost of working</del>, only that proportion of the additional expense will be recoverable as the sum of the <b>net profit</b> and the <b>insured fixed charges</b> bears to the sum of the <b>net profit</b> and all the <b>insured fixed charges</b>.</p>	<p>a) <b>Finished goods</b>; or          b) Merchandise;</p> <p>As if sold to the Insured's regular customers.</p> <p>2) The experience of the business before and after and the probable experience of the business during the period of indemnity.</p> <p>3) Any goods sold or services rendered at any <b>location</b> whether insured or not for the benefit of the business, either by the Insured or others on the Insured's behalf shall be included in arriving at the amount of <b>sales</b> during the period of indemnity.</p> <p>B. The Insured agrees to use overtime, extra time and any suitable property or service owned or controlled by the Insured or obtainable from other sources in order to continue <b>sales</b> and to reduce loss payable.</p> <p>C. The Insured must act with due diligence and dispatch in repairing or replacing the physically damaged property to the same or equivalent physical and operating conditions that existed prior to the damage in order to continue <b>sales</b> and reduce the loss payable under this endorsement.</p> <p>D. If there are any fixed charges that are not insured under this endorsement, then in computing the amount recoverable under the <b>expense to reduce loss</b>, only that proportion of the additional expense will be recoverable as the sum of the <b>net profit</b> and the <b>insured fixed charges</b> bears to the sum of the <b>net profit</b> and all the <b>insured fixed charges</b>.</p>
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<b>Page 1</b>
<b>Explanation:</b> Minor changes in numbering were made. No change in coverage.

<p><b>3. PERIOD OF INDEMNITY:</b></p> <p>For purposes of determining the loss payable under this endorsement, due to an interruption of business operations at a <b>location</b> directly resulting from direct physical loss or damage, the company will apply the following:</p>	<p><b>3. PERIOD OF INDEMNITY:</b></p> <p>For purposes of determining the loss payable under this endorsement, due to an interruption of business operations at a <b>location</b> directly resulting from direct physical loss or damage, the company will apply the following:</p>
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<p><del><b>A. For Tuition and Fees:</b> The period of indemnity is:</del></p> <ol style="list-style-type: none"> <li><del>1. The period from the time of such loss or damage insured by this policy; and</del></li> <li><del>2. Ending no later than twelve (12) months (or as amended in the declaration section) thereafter during which period business operations are directly affected by such loss or damage; and</del></li> </ol> <p><del>If such period of time ends within 1 month immediately preceding the beginning of the next school term, then the period of indemnity is extended for the additional time to restore the Insured's business, with due diligence and dispatch, to the probable experience that would have existed had no such loss or damage causing an interruption of business operations occurred. This additional time will not exceed 12 months.</del></p> <p><b>B. For Business Operations:</b> The period of indemnity for business operations is:</p> <ol style="list-style-type: none"> <li>1. The period from the time of such loss or damage insured by this policy; and</li> <li>2. Ending no later than twelve (12) months (or as amended in the declaration section) thereafter during which period business operations are directly affected by such loss or damage; <del>and</del></li> </ol> <p><b>C. For Properties in the Course of Construction/Renovation:</b> The period of indemnity for alterations or additions to existing property and property in the course of construction will be determined as follows:</p> <ol style="list-style-type: none"> <li>1. The period from the time of such loss or damage insured by this policy when operations would have begun if the such loss or damage had not occurred; and</li> <li>2. Ending no later than twelve (12) months thereafter during which period business operations are directly affected by such loss</li> </ol>	<p><b>A. For Business Operations:</b> The period of indemnity for business operations is:</p> <ol style="list-style-type: none"> <li>1) The period from the time of such loss or damage insured by this policy; and</li> <li>2) Ending no later than twelve (12) months (or as amended in the declaration section) thereafter during which period business operations are directly affected by such loss or damage; <u>except</u></li> </ol> <p><b>B. For Properties in the Course of Construction/Renovation:</b> The period of indemnity for alterations or additions to existing property and property in the course of construction will be determined as follows:</p> <ol style="list-style-type: none"> <li>1) The period from the time of such loss or damage insured by this policy when operations would have begun if the such loss or damage had not occurred; and</li> <li>2) Ending no later than twelve (12) months thereafter during which period business operations are directly affected by such loss</li> </ol>
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<p>or damage.</p> <p>The Period of Indemnity in <b>A.</b>, <b>B.</b>, and <b>C.</b> above:</p> <ol style="list-style-type: none"> <li>1. Will not include any additional time required for making change(s) to the buildings, or structures, for any reason except as set forth in Section D. Extensions of Coverage Item 14. Demolition and Increased Cost of Construction, nor any additional time for re-staffing or retraining employees nor for any additional time due to the Insured's inability to resume operations regardless of the reason.</li> <li>2. Will not be limited by the expiration of this policy.</li> <li>3. Will not exceed 12 months from the inception of direct physical loss or damage caused by or resulting from <b>terrorism</b>.</li> </ol>	<p>or damage.</p> <p>The Period of Indemnity in items <b>A.</b> and <b>B.</b> above:</p> <ol style="list-style-type: none"> <li>1) Will not include any additional time required for making change(s) to the buildings, or structures, for any reason except as set forth in Section D. Extensions of Coverage Item 14. Demolition and Increased Cost of Construction, nor any additional time for re-staffing or retraining employees nor for any additional time due to the Insured's inability to resume operations regardless of the reason.</li> <li>2) Will not be limited by the expiration of this policy.</li> <li>3) Will not exceed 12 months from the inception of direct physical loss or damage caused by or resulting from <b>terrorism</b>.</li> </ol>
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**Page 2**

**Explanation:** There are some minor changes in grammar and numbering. No coverage change. Deleted tuition and fees coverage. It does not correlate to medical care coverage.

<p><b>4. LIMIT OF LIABILITY:</b></p> <p>The company's maximum limit of liability per <b>occurrence</b> for all loss under this endorsement will not exceed the sub-limit of liability shown (if any) in the declarations section.</p> <p><b>A. Extra Expense Sub-Limit</b></p> <p>The company's maximum limit of liability per <b>occurrence</b> for all <b>extra expense</b> loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.</p> <p><b>B. Extensions of Coverage</b></p> <p>The company's maximum sub-limit of liability per <b>occurrence</b> for all the Section 5., Extensions of Coverage are shown in the declarations section.</p>	<p><b>4. LIMIT OF LIABILITY:</b></p> <p>The company's maximum limit of liability per <b>occurrence</b> for all loss under this endorsement will not exceed the sub-limit of liability shown (if any) in the declarations section.</p> <p><b>A. Extra Expense Sub-Limit</b></p> <p>The company's maximum limit of liability per <b>occurrence</b> for all <b>extra expense</b> loss under this endorsement will not exceed the sub-limit of liability shown in the declarations section.</p> <p><b>B. Extensions of Coverage</b></p> <p>The company's maximum sub-limit of liability per <b>occurrence</b> for all the Section 5., Extensions of Coverage are shown in the declarations section.</p>
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Pages 2 and 3

**Explanation:** There is no change.

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<p><b>5. EXTENSIONS OF COVERAGE:</b></p> <p>The following coverages apply, subject to the terms and conditions of the policy, and to the extent shown in the declarations section. Extensions of Coverage C., D., E., F., G. and H. do not provide coverage for loss caused by or resulting from <b>terrorism</b>.</p>	<p><b>5. EXTENSIONS OF COVERAGE:</b></p> <p>The following coverages apply, subject to the terms and conditions of the policy, and to the extent shown in the declarations section. Extensions of Coverage C., D., E., F., G. H., <u>I.</u>, <u>J.</u>, <u>K.</u> and <u>L.</u> do not provide coverage for loss caused by or resulting from <b>terrorism</b>.</p>
<p><b>A. Ordinary Payroll:</b></p> <p>This policy is extended to cover the actual loss sustained of <b>ordinary payroll</b> during the period of indemnity as a direct result of direct physical loss or damage insured by this policy, to property not excluded, utilized by the insured and at a <b>location</b>, causing an interruption of business operations which results in a loss of <b>tuition and fees</b>; or of <b>gross profit</b>. This coverage is provided for no more than the number of consecutive days as shown in the declarations section, and only to the extent that such payroll would have been earned had no interruption occurred.</p> <p>If the Insured reduces the daily loss otherwise payable under this extension, either by:</p> <ol style="list-style-type: none"> <li>1. Providing gainful employment for; or</li> <li>2. Paying less than the normal payroll rate to;</li> </ol> <p>All or part of its employees, then the number of consecutive days provided above may be extended in proportion to such reduction of loss otherwise payable. In no event will this provision increase the total liability of the company beyond the amount for which it would have been liable for this coverage without this additional provision.</p>	<p><b>A. Ordinary Payroll:</b></p> <p>This policy is extended to cover the actual loss sustained of <b>ordinary payroll</b> during the period of indemnity as a direct result of direct physical loss or damage insured by this policy, to property not excluded, utilized by the insured and at a <b>location</b>, causing an interruption of business operations which results in a loss of <b>tuition and fees</b>; or of <b>gross profit</b>. This coverage is provided for no more than the number of consecutive days as shown in the declarations section, and only to the extent that such payroll would have been earned had no interruption occurred.</p> <p>If the Insured reduces the daily loss otherwise payable under this extension, either by:</p> <ol style="list-style-type: none"> <li>1) Providing gainful employment for; or</li> <li>2) Paying less than the normal payroll rate to;</li> </ol> <p>All or part of its employees, then the number of consecutive days provided above may be extended in proportion to such reduction of loss otherwise payable. In no event will this provision increase the total liability of the company beyond the amount for which it would have been liable for this coverage without this additional provision.</p>
<p><b>B. Civil Authority:</b></p> <p>This policy is extended to cover <b>business interruption</b> when, as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy, at the <b>location</b> or within five statute miles of it, access to the <b>location</b> is prohibited by order of civil authority. This coverage is provided for no more than the number of consecutive days as shown in the declarations section starting</p>	<p><b>B. Civil Authority:</b></p> <p>This policy is extended to cover <b>business interruption</b> when, as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy, at the <b>location</b> or within five statute miles of it, access to the <b>location</b> is prohibited by order of civil authority. This coverage is provided for no more than the number of consecutive days as shown in the declarations section starting from the time of such order of</p>

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<p>from the time of such order of civil authority.</p>	<p>civil authority.</p>
<p><b>C. Off-Premises Service Interruption:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of interruption of the following incoming and outgoing services. <del>The loss of such services must be a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy</del> at the facilities of the service provider(s).</p> <p>Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.</p> <p>This coverage does not apply to: service interruption due to deliberate act(s) by the supplying entity to shed load, to maintain system integrity, <b>flood, earth movement</b>, contingent business interruption coverage, or at unnamed locations whether or not such coverage is provided elsewhere in this policy. Resultant and concurrent interruptions are considered as one event.</p>	<p><b>C. Off-Premises Service Interruption:</b></p> <p>This policy is extended to cover <b>business interruption</b> caused by or resulting from the interruption of the following incoming and outgoing services. <u>The interruption of such services must be by reason of any accidental event</u> at the facilities of the service provider(s).</p> <p>Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage.</p> <p>This coverage does not apply to: service interruption due to deliberate act(s) by the supplying entity to shed load, to maintain system integrity, <b>flood, earth movement</b>, contingent business interruption coverage, or at unnamed locations whether or not such coverage is provided elsewhere in this policy. Resultant and concurrent interruptions are considered as one event.</p>
<p><b>D. Contingent Business Interruption Coverage:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy at the premises of direct suppliers; direct customers; direct contract service suppliers; or of any company under any royalty, licensing fee or commission agreement.</p> <p>Such parties above do not include entities supplying to or receiving from a <b>location</b> electricity, fuel, water, steam, refrigeration, sewage or communications services of every type and description.</p> <p>Loss sustained by the insured resulting from <b>flood</b> and/or <b>earth movement</b> whether or not such coverage is provided elsewhere in this policy is not covered.</p>	<p><b>D. Contingent Business Interruption Coverage:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy at the premises of direct suppliers; direct customers; direct contract service suppliers; or of any company under any royalty, licensing fee or commission agreement.</p> <p>Such parties above do not include entities supplying to or receiving from a <b>location</b> electricity, fuel, water, steam, refrigeration, sewage or communications services of every type and description.</p> <p>Loss sustained by the insured resulting from <b>flood</b> and/or <b>earth movement</b> whether or not such coverage is provided elsewhere in this policy is not covered.</p>

Pages 3 and 4

**Explanation:** Minor changes in numbering were made. Added references to extensions

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of coverage. Deleted “direct result of direct physical loss or damage” wording and added the words “by reason of any accidental event”. This is a broadening.

<p><b>E. Research and Development Expense:</b></p> <p>This policy is extended to cover <b>ordinary payroll</b> and loss of <b>insured fixed charges</b> as a direct result of direct physical loss or damage of the type insured by this policy to insured property not excluded at a <b>location</b> and utilized in research and development activities. The <b>ordinary payroll</b> and <b>insured fixed charges</b> must be directly attributable to such research and development activities, which in themselves would not have produced <b>gross profit</b> during the period of indemnity.</p>	<p><b>E. Research and Development Expense:</b></p> <p>This policy is extended to cover <b>ordinary payroll</b> and loss of <b>insured fixed charges</b> as a direct result of direct physical loss or damage of the type insured by this policy to insured property not excluded at a <b>location</b> and utilized in research and development activities. The <b>ordinary payroll</b> and <b>insured fixed charges</b> must be directly attributable to such research and development activities, which in themselves would not have produced <b>gross profit</b> during the period of indemnity.</p>
<p><b>F. Ingress/Egress:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of physical loss or damage of the type insured by this policy when ingress to or egress from a <b>location</b> is physically prevented by such loss or damage to property whether or not at the <b>location</b> of the Insured.</p>	<p><b>F. Ingress/Egress:</b></p> <p>This policy is extended to cover <b>business interruption</b> as a direct result of physical loss or damage of the type insured by this policy when ingress to or egress from a <b>location</b> is physically prevented by such loss or damage to property whether or not at the <b>location</b> of the Insured.</p>
<p><b>G. Tax Treatment:</b></p> <p>This policy is extended to cover increased tax liability as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. If the tax liability is greater than the tax liability that would have been incurred had no such loss occurred, then this policy will cover only the increased tax liability for the profit portion of the physically damaged <b>finished goods</b>, and the profit portion of the <b>gross profit</b> and <b>rents</b> loss.</p>	<p><b>G. Tax Treatment:</b></p> <p>This policy is extended to cover increased tax liability as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. If the tax liability is greater than the tax liability that would have been incurred had no such loss occurred, then this policy will cover only the increased tax liability for the profit portion of the physically damaged <b>finished goods</b>, and the profit portion of the <b>gross profit</b> and <b>rents</b> loss.</p>
	<p><b>H. Contractual Penalties:</b></p> <p><u>This policy is extended to cover contractual penalties as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy. Contractual penalties are penalties incurred by the insured due to late or non-completion of orders. Contractual penalties must be written in the provisions of a contract prior to the time of such direct physical loss or damage. Contractual penalties will be limited to the contractual sales value of such late or non-completed orders.</u></p>

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	<p><b><u>I. Fund Raising Expense:</u></b></p> <p><u>This policy is extended to cover the actual loss sustained of fixed charges and expenses related to fund raising activities or events, when such fund raising activities or events are interrupted or cancelled as a direct result of direct physical loss or damage of the type insured by this policy to property not excluded by this policy.</u></p>
	<p><b><u>J. Professional Employee Replacement Expense:</u></b></p> <p><u>This policy is extended to cover the reasonable and necessary expense to replace professional employees, including but not limited to:</u></p> <ol style="list-style-type: none"> <li>1) <u>Administrators,</u></li> <li>2) <u>Doctors,</u></li> <li>3) <u>Nurses, and</u></li> <li>4) <u>Research personnel</u></li> </ol> <p><u>Who resigned as a direct result of direct physical loss or damage insured by this policy to property not excluded by this policy at a <b>location</b> and when the period of interruption resulting from such loss or damage exceeds 30 consecutive days.</u></p> <p><u>This expense does not extend to third party contract employees or the rehiring of former employees who were employed by the Insured at the time of loss. Expenses incurred by the Insured for recruiting and advertising for professional employees before and after the loss or damage will be taken into consideration by this company.</u></p> <p><b><u>K. Patient and Tenant Relocation Expense:</u></b></p> <p><u>This policy is extended to cover the reasonable and necessary relocation expenses incurred by the Insured to relocate:</u></p> <ol style="list-style-type: none"> <li>1) <u>Patients; residents; tenants; or</u></li> <li>2) <u>Lawful occupants;</u></li> </ol> <p><u>To other quarters in the shortest possible time when patient rooms, rented space or living quarter(s) at a <b>described location</b> are made uninhabitable as a direct result of direct physical loss or damage insured by this policy.</u></p>

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<p><b>H. Emergency Vacating Expense:</b></p> <p>This policy is extended to cover the reasonable vacating expenses incurred by the Insured when <del>an authorized governmental agency or other similar authority</del> orders the emergency evacuation of:</p> <ol style="list-style-type: none"><li>1. Residents; tenants; or</li><li>2. Lawful occupants;</li></ol> <p>From a <b>described location</b> as a result of immediately impending <del>direct</del> physical loss or damage insured by this policy <del>that threatens imminent physical danger or loss of life to such residents; tenants; or occupants.</del></p>	<p><u>Coverage is provided for the reasonable and necessary expense of:</u></p> <ol style="list-style-type: none"><li><u>1) Packing, sorting, and transportation cost for patients; residents; tenants; or lawful occupants, including their personal property;</u></li><li><u>2) Re-establishing new utility services, less refunds from discontinued services, at the damaged location;</u></li><li><u>3) Searching for new quarters;</u></li><li><u>4) Disconnecting and reconnecting fixtures and equipment; and</u></li><li><u>5) Storage costs while awaiting possession of other quarters or restoration of existing quarters.</u></li></ol> <p><u>No coverage is provided for:</u></p> <ol style="list-style-type: none"><li><u>1) Loss caused by the termination of a lease or other agreement;</u></li><li><u>2) Security deposits or other payments made to the landlord or lessors of the new quarters; or</u></li><li><u>3) Down payments, legal fees and closing costs for the purchase of new quarters.</u></li></ol> <p><b><u>L. Emergency Vacating Expense:</u></b></p> <p>This policy is extended to cover the reasonable and necessary vacating expenses incurred by the Insured when <u>a civil authority</u> orders the emergency evacuation of:</p> <ol style="list-style-type: none"><li>1) Patients; residents; tenants; or</li><li>2) Lawful occupants;</li></ol> <p>From a <b>described location</b> as a direct result of immediately impending physical loss or damage of the type insured by this policy.</p>
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<p>No coverage is provided if the evacuation results from:</p> <ol style="list-style-type: none"> <li>1. A planned evacuation drill;</li> <li>2. Evacuation of any resident because of a medical condition(s);</li> <li>3. A false alarm.</li> </ol>	<p>No coverage is provided if the evacuation results from:</p> <ol style="list-style-type: none"> <li>1) A planned evacuation drill;</li> <li>2) Evacuation of any resident because of a medical condition(s); or</li> <li>3) A false alarm.</li> </ol>
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**Page 3**

**Explanation:** Minor numbering changes were made. Added coverages for Contractual Penalties; Fund Raising Expense; Professional Employee Replacement Expense; Patient and Tenant Relocation Expense; Emergency Vacating Expense Business Interruption Coverages. These are broadening. Also changed “an authorized governmental agency or other similar authority” to “a civil authority”. There is no change in intent.

<p><b>6. EXCLUSIONS:</b></p> <p>This endorsement does not cover any of the following:</p> <p><b>A.</b> Any loss during any period in which goods would not have been produced or in which business operations, including rental activities, would not have been maintained for any reason other than direct physical loss or damage of the type insured by the policy.</p> <p><b>B.</b> Any additional loss due to:</p> <ol style="list-style-type: none"> <li>1. Fines or damages for breach of contract or for late or non-completion of orders,</li> <li>2. Penalties of any nature whatsoever, or</li> <li>3. Any other consequential or remote loss as respects <del>additional increased cost of working</del> only.</li> </ol> <p><b>C.</b> Any loss resulting from physical loss or damage to property in transit.</p> <p><b>D.</b> Any remaining or residual value of property obtained in reducing loss payable, in making up production, or in continuing the business operations.</p>	<p><b>6. EXCLUSIONS:</b></p> <p>This endorsement does not cover any of the following:</p> <p><b>A.</b> Any loss during any period in which goods would not have been produced or in which business operations, including rental activities, would not have been maintained for any reason other than direct physical loss or damage of the type insured by the policy.</p> <p><b>B.</b> Any additional loss due to:</p> <ol style="list-style-type: none"> <li>1) Fines or damages for breach of contract <u>or</u> for late or non-completion of orders,</li> <li>2) Penalties of any nature whatsoever, or</li> <li>3) Any other consequential or remote loss as respects <u>extra expense</u> only.</li> </ol> <p><b>C.</b> Any loss resulting from physical loss or damage to property in transit.</p> <p><b>D.</b> Any remaining or residual value of property obtained in reducing loss payable, in making up production, or in continuing the business operations.</p>
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<p><b>E.</b> Any loss resulting from the actual cash value portion of direct physical loss or damage by fire caused by or resulting from <b>terrorism.</b></p>	<p><b>E.</b> Any loss resulting from the actual cash value portion of direct physical loss or damage by fire caused by or resulting from <b>terrorism.</b></p>
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<b>Page 6</b>
<p><b>Explanation:</b> Minor numbering changes were made. Changed additional increased cost of working to extra expense. This is more appropriate to health care coverage. Neutral affect.</p>

<p><b>7. DEFINITIONS:</b></p> <p><b>Business interruption</b> means <b>tuition and fees, gross profit, rents, increased cost of working, extra expense, and ordinary payroll.</b></p> <p><del>C. Increased Cost of Working</del> means:</p> <p>The additional and reasonable expense that must be incurred for the sole purpose of avoiding or diminishing the <b>reduction in sales</b> that would have taken place during the period of indemnity absent this expense, but not exceeding the <b>reduction in sales</b> avoided.</p> <p><b>A. Extra Expense</b> means:</p> <p>The reasonable and necessary expenses in excess of normal incurred by the Insured during the period of indemnity to:</p> <ol style="list-style-type: none"> <li>1. Temporarily continue as nearly normal the conduct of the Insured's business,</li> <li>2. Temporarily use the property of the Insured or others,</li> </ol> <p>All less any value remaining at the end of the period of indemnity for property obtained in connection with the above.</p> <p><b>Extra Expense</b> does not mean:</p> <ol style="list-style-type: none"> <li>1. Any loss of income.</li> <li>2. Expenses that normally would have been incurred in the conduct of the Insured's business.</li> <li>3. Cost of permanent repair or replacement of</li> </ol>	<p><b>7. DEFINITIONS:</b></p> <p><b>Business interruption</b> means <b>tuition and fees, gross profit, rents, increased cost of working, extra expense, and ordinary payroll.</b></p> <p><u>Expense to reduce loss</u> means:</p> <p>The additional and reasonable expense that must be incurred for the sole purpose of avoiding or diminishing the <b>reduction in sales</b> that would have taken place during the period of indemnity absent this expense, but not exceeding the <b>reduction in sales</b> avoided.</p> <p><b>Extra Expense</b> means:</p> <p>The reasonable and necessary expenses in excess of normal incurred by the Insured during the period of indemnity to:</p> <ol style="list-style-type: none"> <li>1. Temporarily continue as nearly normal the conduct of the Insured's business,</li> <li>2. Temporarily use the property of the Insured or others,</li> </ol> <p>All less any value remaining at the end of the period of indemnity for property obtained in connection with the above.</p> <p><b>Extra Expense</b> does not mean:</p> <ol style="list-style-type: none"> <li>1. Any loss of income.</li> <li>2. Expenses that normally would have been incurred in the conduct of the Insured's business.</li> <li>3. Cost of permanent repair or replacement of</li> </ol>
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<p>property that has been damaged or destroyed.</p> <p><b>B. Gross Profit</b> means:</p> <p>The sum produced by adding the <b>net profit</b> to the <b>insured fixed charges</b> during the period of indemnity. If there is no <b>net profit</b> the amount of all <b>insured fixed charges</b> less that proportion of any loss from business operations as the amount of the <b>insured fixed charges</b> bears to all fixed charges.</p> <p><b>D. Insured Fixed Charges</b> means:</p> <p>All fixed charges excluding <b>ordinary payroll</b> and other charges specifically listed in the declarations section.</p> <p><b>E. Net Profit</b> means:</p> <p>The net operating profit exclusive of all:</p> <ol style="list-style-type: none"> <li>1. Capital receipts and accruals; and</li> <li>2. Outlay properly chargeable to capital;</li> </ol> <p>Resulting from the business of the Insured at the <b>location</b> after due provision has been made for all fixed charges and any other expenses, including depreciation, but before deduction of any taxes on profits.</p> <p><b>F. Ordinary Payroll</b> means:</p> <ol style="list-style-type: none"> <li>1. Wages of all employees except officers, executives, department managers, and employees under contract or similar key employees; and</li> <li>2. Includes taxes and charges dependent on the payment of those wages.</li> </ol> <p><b>G. Rate of Gross Profit</b> means:</p> <p>The rate of <b>gross profit</b> earned on sales during the twelve full months immediately before the date of the loss or damage to the insured property.</p> <p><b>H. Reduction in Sales</b> means:</p>	<p>property that has been damaged or destroyed.</p> <p><b>Gross Profit</b> means:</p> <p>The sum produced by adding the <b>net profit</b> to the <b>insured fixed charges</b> during the period of indemnity. If there is no <b>net profit</b> the amount of all <b>insured fixed charges</b> less that proportion of any loss from business operations as the amount of the <b>insured fixed charges</b> bears to all fixed charges.</p> <p><b>Insured Fixed Charges</b> means:</p> <p>All fixed charges excluding <b>ordinary payroll</b> and other charges specifically listed in the declarations section.</p> <p><b>Net Profit</b> means:</p> <p>The net operating profit exclusive of all:</p> <ol style="list-style-type: none"> <li>1. Capital receipts and accruals; and</li> <li>2. Outlay properly chargeable to capital;</li> </ol> <p>Resulting from the business of the Insured at the <b>location</b> after due provision has been made for all fixed charges and any other expenses, including depreciation, but before deduction of any taxes on profits.</p> <p><b>Ordinary Payroll</b> means:</p> <ol style="list-style-type: none"> <li>1. Wages of all employees except officers, executives, department managers, and employees under contract or similar key employees; and</li> <li>2. Includes taxes and charges dependent on the payment of those wages.</li> </ol> <p><b>Rate of Gross Profit</b> means:</p> <p>The rate of <b>gross profit</b> earned on sales during the twelve full months immediately before the date of the loss or damage to the insured property.</p> <p><b>Reduction in Sales</b> means:</p>
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<p>The amount produced by applying the <b>rate of gross profit</b> to the amount by which the <b>sales</b> during the period of indemnity fall short of the <b>standard sales</b>.</p> <p><b>I. Rents</b> means:</p> <p>When Insured property cannot be occupied:</p> <ol style="list-style-type: none"> <li>1. The fair rental value of any portion of the property occupied by the Insured;</li> <li>2. Income reasonably expected from the rentals of unoccupied or un-rented portions of such property; and</li> <li>3. The rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements, in force at the time of loss;</li> </ol> <p style="padding-left: 40px;">Less the cost of all charges and expenses that do not continue during the period of indemnity.</p> <p><b>J. Sales</b> means:</p> <p>The money paid or payable to the Insured for:</p> <ol style="list-style-type: none"> <li>1. Goods sold and delivered; and</li> <li>2. Services rendered;</li> </ol> <p>In the conduct of the Insured's business at a <b>location</b>.</p> <p><b>K. Standard Sales</b> means:</p> <p>The <b>sales</b> during the period in the twelve (12) months immediately before the date of the loss or damage to the insured property which corresponds with the period of indemnity.</p> <p><del><b>L. Tuition and Fees</b> means;</del></p> <p><del>The sum of tuition, fees and other income from students, less cost of merchandise sold; materials and supplies consumed; services rendered by the insured; and charges and expenses that do not continue.</del></p>	<p>The amount produced by applying the <b>rate of gross profit</b> to the amount by which the <b>sales</b> during the period of indemnity fall short of the <b>standard sales</b>.</p> <p><b>Rents</b> means:</p> <p>When Insured property cannot be occupied:</p> <ol style="list-style-type: none"> <li>1. The fair rental value of any portion of the property occupied by the Insured;</li> <li>2. Income reasonably expected from the rentals of unoccupied or un-rented portions of such property; and</li> <li>3. The rental income from the rented portions of such property, according to bona fide leases, contracts, or agreements, in force at the time of loss;</li> </ol> <p style="padding-left: 40px;">Less the cost of all charges and expenses that do not continue during the period of indemnity.</p> <p><b>Sales</b> means:</p> <p>The money paid or payable to the Insured for:</p> <ol style="list-style-type: none"> <li>1. Goods sold and delivered; and</li> <li>2. Services rendered;</li> </ol> <p>In the conduct of the Insured's business at a <b>location</b>.</p> <p><b>Standard Sales</b> means:</p> <p>The <b>sales</b> during the period in the twelve (12) months immediately before the date of the loss or damage to the insured property which corresponds with the period of indemnity.</p>
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All other terms and conditions of this policy remain unchanged.	All other terms and conditions of this policy remain unchanged.
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Pages 5 -6
<b>Explanation:</b> Changed the term Increased Cost of Working to Expense to Reduce loss. No change in meaning or coverage. Deleted Tuition and Fees coverage as it does not apply to health care.